

● PSF

State Dept.

1937

MEMORANDUM: Future United States-Philippine Islands Trade Relations.

1. Basic concepts.

(a). The Tydings-McDuffie Act envisages the gradual extinction of trade preferences between the two countries, so that, at the end of a period of years, there will be complete separation of the two economies. This idea was embodied in the directive given the members of the Joint Preparatory Committee. Needless to say, it does not meet with the approval of the Filipinos.

(b). Another concept is that preferential trade relations, in general, should continue indefinitely or for a period of years subject to renewal, except in the case of commodities which are competitive with those of the other country.

2. Discussion of the two concepts.

(a). The effect of the concept 1(a), would be, eventually, to limit drastically the amount of United States-Philippine Islands trade. While United States exports to the Philippines constitute only a small percentage of the total export trade, a drastic reduction of that trade would affect, appreciably, a number of industries. On the other hand, without a considerable American market, present Philippine big money exports would be ruined. Philippine economy would be hard hit without the sugar, coconut oil, hemp and tobacco exports and the Filipino standard of living greatly lowered. While there is much talk of substitutes for those commodities affected, as a matter of fact there are no effective substitutes. Under this concept it is difficult to see how the Philippine Islands can escape becoming the economic vassal of Japan.

(b). By adopting concept 1(b), it is believed that the following advantages would accrue: (1) The Philippines would not be thrown upon "the economic rocks." (2) The Filipino people would retain a high purchasing power, and therefore would be able to purchase American goods. (3) American manufactured goods could still find a market in the Philippine Islands.

3. Steps recommended.

(a). Accede to the Filipino request for the abolition of the export tax. This tax does us no good while it vitally affects Philippine Island exports. Its application is a form of paternalism, which is not believed to be warranted, except as it embodies the idea in

concept 1(a). Sinking funds for Philippine Islands bonds could be taken from sugar and coconut excise tax money during the Commonwealth period.

(b). In order to insure Filipino purchase of American goods during the Commonwealth period, the Commonwealth Government, based on an understanding with the American Executive, should exercise its authority to raise present Philippine Islands tariff duties. If not inconsistent with present treaties, any trade agreement between the two countries for a period subsequent to independence, should insure a Philippine market for American manufactured goods. Unless this is done, Japanese and, to a lesser extent, German goods will be certain to drive American goods from that market. The difficulty of accomplishing this end, should not prevent every effort being made to accomplish it.

(c). Discard the idea of "gradually diminishing scale of reciprocal preferences," which is the present policy, in favor of an unlimited reciprocal preference for certain commodities. In the case of Philippine exports to the United States, this would include all articles not competitive with our own products. This, in turn, means all Philippine exports except sugar, for no other product is harmfully competitive.

(d). Abolish the excise tax on Philippine Islands coconut oil used for non-edible purposes. This would attract the greater part of coconut oil to soap manufacture, and thus lessen the opposition of the dairy interests to any trade agreement.

(e). In the case of sugar, the duty to be applied after independence should be such that Philippine Islands sugar could compete with Cuban sugar in the American market.

The idea behind concept 1(a) is to force the Filipinos to change their products so that they will be able to find a place in the world's markets. In other words, the Filipinos would have to find substitutes for sugar, coconut products, etc., which cannot survive except in a protected American market. It is believed that there are no such substitutes, except those which will force a tremendous drop in the present standard of living of the Filipino people. That, in turn, means for the United States the practical extinction of export trade to the Philippines, and, for the Philippines, economic vassalage to Japan.


CHARLES BURNETT,

Brigadier General, United States Army.

(NOT FOR THE PRESS)
(FOR DEPARTMENTAL USE ONLY)

State Dept

Department of State
Division of Current Information No. 2

MEMORANDUM OF THE PRESS CONFERENCE, TUESDAY, JAN. 5, 1937

At the press conference this afternoon, Acting Secretary Moore said: Remember about the line in the Bible about he who enters from the other way the same as a thief and robber. The only thing we have to give out is the statement Mr. McDermott has in his hand here--the report on all visas issued within the last year. He says it is one of the most dramatic things anybody could read--equals "Gone with the Wind." There isn't any other information I have to present.

Q. Judge, does this Government consider a state of war now to exist between Germany and Spain?

A. Personally I don't think so. Officially I wouldn't say so.

Q. Judge, it would not be necessary under the neutrality law for any declaration of war to be made by Germany and Spain for an imposition of the arms embargo?

A. No. The Act doesn't require a declaration of war shall be made. The act provides when the President finds a state of war he proclaims the fact and thereupon the provisions of the act become effective.

Q. Judge, has the Department formulated any criteria by which it would be enabled to invoke the arms embargo?

A. No, it has not, and I don't think you could safely provide any standards to apply to all cases that arise. You all know difficulties occur between nations, sometimes with an element of violence, yet we wouldn't say, looking at the situation from a commonsense view, there is actually a war.

Q. Judge, I think it was just about a week ago you expressed extreme optimism on the state of affairs in Europe.

A. I am extremely optimistic this morning. I don't know

that I ought to venture to be quoted as a optimist, but speaking in the family about that, I can tell you this ENTIRELY OFF THE RECORD. OFF THE RECORD NO. 1.

Q. Can you tell us on what he based his belief?

A. No, the talk was very brief.

Q. May I ask if the telephone conversation had any relation to debts?

A. No public debts.

Q. Does he owe you a bet or something, Judge?

A. Of course, as I say I wouldn't like for Bullitt to be quoted and I wouldn't like to be pictured posing as a prophet.

Q. Would a state of war be considered in effect before actual hostilities broke out between two countries?

A. You know in the Ethiopian case we waited until actual hostilities were in progress between the Italians and natives of Ethiopia, I should say ^{there is} ~~with~~ reluctance to assume there is a war. Any country would be pretty slow in finding this or that occurrence gives the implication there is a war. I think in determining that sort of thing whether there is or is not a war two of the wisest Latin words I ever read "Hasta lente," Hasten slowly in making up your mind--

Q. There might even be instances like the border clashes in the Russian and Manchukuoan situation?

A. Or the border clashes that occurred in southern Ethiopia.

Q. I think in judging the two countries under discussion ~~there couldn't possibly be border clashes.~~ Any clash would be a matter of invasion.

A. Except on the sea. The instances we have in mind now occurred in Spanish waters.

You want to know whether we are going to propose anything in Congress with reference to these shipments in contemplation to Spain. JUST FOR BACKGROUND, I will say

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in all probability there will be an emergency resolution introduced to take care of that subject.

Q. Can you say what day?

A. Perhaps not today. You know under the rules of the House no Committees are in existence. The committees have to be created. The Committee on Foreign Affairs has to be created. ^{There is} /No committee to consider legislation in the House. I believe the rules are different in the Senate, the committees are continuing.

Q. Will that be introduced jointly as a resolution?

A. I think--STILL FOR BACKGROUND--that you might forecast there will be a resolution issued of an emergency character and introduced in both Houses.

Q. And would that deal with the Spanish civil war alone for the present?

A. Probably. It will be disconnected from any general neutrality legislation.

Q. It will not be then in the form of an amendment to the neutrality bill?

A. No, it will not be. An independent measure.

Q. Judge, for background, can you indicate to us what caused the change in the decision of the people up on the Hill who originally indicated it would be an amendment of the neutrality law?

A. I don't know it was indicated. I haven't had any information about that. I saw some statement in the newspaper about it. I think you gentlemen can perceive the reason why we are correct in thinking if shipments should be checked to Spain they should be dealt with as an individual case, the reason being if you were making it an amendment and pertaining to all civil wars that may occur, you couldn't expect early consideration or early passage.

Q. Would a resolution of this kind directed at the Spanish situation constitute recognition of belligerency?

A. I should say that it would only express what we all

know to be the fact, namely that there is a domestic or civil strife now in progress.

Q. Can you tell us for background for our protection on the Hill who is likely to have the resolution and who is likely to introduce them?

A. I think it is easy to believe they will be introduced by the Chairmen of the two foreign committees. I would like that all to be strictly BACKGROUND. You can speculate yourself there, but don't attribute it. I think Senator Pittman in the newspapers this morning said he intended to introduce such a resolution.

Q. Mr. Secretary, does this optimism over the European situation extend beyond Friday morning? In view of the ultimatum that Germany has presented to Spain regarding the release of the vessel--the cargo and passenger?

A. Well, I should hope there would be some modification of that attitude. I want you to know this, if I turn out to be a real optimist, I am going to copyright the thing and pass it on to you.

M. J. McDermott

OFF THE RECORD NO. 1 When Mr. Bullitt went from here to France he was quite the other way, extremely apprehensive. I had a telephone talk with him about an hour or two ago about something different and I put the question to him--if he believed there was going to be a war--and he answered in the negative, and he is in one of the best listening posts in the world.

M. J. McDermott.

*file
State Dept*

MEMORANDUM

Careful consideration of the activities of the agents of the Government stationed or traveling on official business in foreign countries has convinced me that it is highly important that our several agencies abroad be brought into a logical and appropriate relation to each other and to the agency responsible for carrying on the relations of this Government with the other governments of the world, namely, the Department of State. To this end, I am submitting, for your consideration, certain recommendations. These recommendations do not contemplate the curtailment of any lawful and proper function of any department maintaining agents abroad, but are for the purpose of permitting coordination by the President, through the Secretary of State, of the activities of all agents of the Government in foreign countries.

In accordance with these recommendations the activities of the agents of the Government of the United States in foreign countries would be coordinated as follows:

(a) The names and duties of all agents of the several departments to be assigned abroad would be first notified to the Secretary of State and, if no objection to the assignment were seen by him, would be duly notified to the chief of mission in the foreign countries of assignment with such instructions as may be appropriate:

(b) Instructions of the respective departments to the agents so assigned abroad would be forwarded through the Secretary of State subject to his examination and for his information and the reports from these agents, including telegraphic reports which

which would be transmitted in State Department codes, would be likewise forwarded through the Secretary of State subject to his examination and for his information. However, in the interests of national defense, the War and Navy Departments, as heretofore, would continue to communicate, in their own codes, directly with the military and naval attaches attached to American missions abroad. Moreover, communications relating to fiscal matters, clerical personnel, promotions, transfers and quarters, where the latter are separate from those occupied by the Department of State, could be sent and received by the several departments direct to and from their agents abroad without reference to the Department of State.

(c) The heads of the departments having agents in foreign countries would be members of a coordinating advisory committee which would meet in the Department of State weekly and as much more frequently as may be desirable for the purpose of mutual agreement with reference to allocating activities among the several agents, regulating the carrying out of those activities in the field, adjusting differences between the agents of the several departments, determining upon the distribution of information to the various interested department and independent establishments, the object to be attained being the maximum result with the least expenditure of money, the improvement of the effectiveness of the Foreign Service as a whole and unity of purpose and performance. The heads of the several departments could designate officers to act as substitutes for them on the coordinating advisory committee when they were unable personally to be present at its meetings.

The Secretary of State, as the responsible agent of the
President

President in conducting foreign relations of the United States, would be in a position to limit and, if necessary, suspend actions of the Advisory Coordinating Committee whenever, in his judgment, such actions would be prejudicial to the proper conduct and control of the foreign relations of the United States.

(d) It would be the practice to bring together all agents of the United States stationed in a foreign city and wherever such quarters are not owned by the United States Government the rental shall be included in the budget of the Department of State and the quarters so provided shall be controlled by the Secretary of State.

(e) The compensation of the subordinate personnel abroad for the several departments would be brought into harmony with the compensation paid in diplomatic and consular offices for comparable services.

(f) Trade correspondence of Consular Officers and Officers of the Department of Commerce stationed abroad would be handled as follows:

Trade letters would be prepared by consular officers and inquiries of this nature received by Foreign Commerce Officers would be referred by them to supervising consuls general for appropriate treatment in accordance with the Consular Regulations provided, however, that trade inquiries received by Foreign Commerce Officers abroad that relate exclusively to reports that have been previously prepared and published in the United States could be answered directly to the American inquirers by the Foreign Commerce Officers concerned

concerned with the preparation of the original report forwarded and published.

All inquiries from business interests in the United States involving the protection of American foreign trade interests would be referred, as heretofore, to the supervising consuls general for appropriate action with the cooperation, if necessary, of the chiefs of the diplomatic missions.

(g) Since political reporting is a function of the Secretary of State, to avoid duplication and to ensure uniformity of treatment, all political matters coming to the knowledge of agents of other departments attached to American missions abroad would be referred by them to the chief of mission for appropriate action. Political information considered desirable or necessary for the guidance of the departments of the Government in the United States would be disseminated by the Secretary of State to such interested departments if not deemed incompatible with the public interest.

(h) The Advisory Coordinating Committee would consider whether the appointment of any new agent who may be nominated as provided in paragraph (a) is compatible with the interests of the Government as a whole in the maintenance of proper economy and whether existing agencies of the Government abroad are adequate to handle the situation in prospect and provide the data required. No agency of the Government in the United States would appoint, designate or order to a foreign assignment any member of its staff without

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without prior consultation with the Secretary of State for his advice.

(i) In the interests of economy and the proper coordination of the activities of all agents of the Government abroad, the chiefs of mission abroad would hold weekly conferences at which all activities in the political, economic and administrative field would be reviewed and discussed. Agents of other departments would provide the chiefs of mission with reports as to their activities during the period under discussion and at the same time would transmit to the chiefs of mission memoranda in triplicate of all conversations had by such agents with officers of foreign governments. The mission would transmit to the Department of State two copies of each memorandum of conversation for its information.

State Dept

DIV. OF FAR EASTERN AFFAIRS

January 9, 1937

Conf. Memo- (SITUATION IN THE FAR EAST)

In re- situation at Sian(Shensi Province) China

Statement of Japanese Minister in radio broadcast etc.

SEE--China-(S) Drawer 2--1937

file
file

ASSISTANT SECRETARY OF STATE
WASHINGTON

State Dept

January 23, 1937

My dear Mr. President:

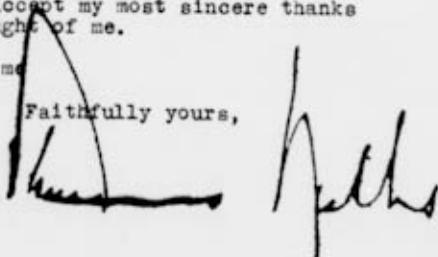
I am deeply grateful to you for your kindness in giving me as a Christmas remembrance the specially printed copy of your Chautauqua address which I received yesterday.

You could not have given me anything that I would value more highly. That address established the principles by which the foreign policy of your Administration has been and will be guided. I also believe that those same principles will guide our people in the years to come.

Please accept my most sincere thanks for your thought of me.

Believe me

Faithfully yours,



The President,
The White House.

State folder - 1937

January 26, 1937

My dear Mr. President:

Dr. Macedo Soares came to see me yesterday afternoon in order to communicate to you through myself a personal message which President Vargas, he said, had instructed him to transmit to you.

The message so conveyed is as follows: President Vargas wishes President Roosevelt to know that this coming May an agreement will be reached among the political leaders in Brazil upon the individual who will receive the support of the present Government and the political leaders in the several states as President of the Republic for the term commencing in 1938. The "official" candidacy of the individual so agreed upon will not be announced until the following month of August in order to avoid having too long an electoral period. At the present time Dr. Macedo Soares is supported by 90 percent of the political leaders in Brazil and by 90 percent of

The President,

The White House.

public opinion in the Republic. If, however, it is later determined that some other individual that may be agreed upon is more desirable for the candidacy, that individual, since he will be supported by President Vargas and the outstanding Brazilian political leaders, will also represent the wishes of 90 percent of public opinion in the country. That President Vargas desires President Roosevelt to be assured of is that in view of these circumstances, the Government in Brazil that will succeed his own Administration in 1938 will continue for a term of six years thereafter, the same policy of the closest political and commercial cooperation with the United States that has been carried on under the Administration of President Vargas himself. In view of these circumstances, President Vargas desires to suggest the desirability of having conversations undertaken in the immediate future between the appropriate naval and military authorities of the United States and of Brazil for the purpose of ascertaining whether it would not be in the interest of the United States to have constructed in some appropriate Brazilian port a naval base which would be of service to the United States in the event of some war of aggression against the United States, in which case the vital interests of Brazil would necessarily be

involved. President Vargas further suggests that the United States might likewise desire to discuss the possibility of utilizing some other portion of Brazilian territory as a means of safeguarding the eastern approach to the Panama Canal. The Brazilian Government envisages all forms of military and naval cooperation as a basis for discussion.

I advised Dr. Macedo Soares that I would at once communicate this message to you and limited myself to expressing my deep gratification at the peculiarly friendly nature of the communication made.

You may desire when you see Dr. Macedo Soares at the Diplomatic Dinner tonight to tell him that you received this message and that you are giving the suggestion consideration.

Dr. Macedo Soares plans to leave Washington on Friday but will return here for the day of February 5 en route to Miami whence he intends to leave for Brasil by plane on February 7. He will ask for an interview with you on February 5 in order to take his leave of you and in the course of that interview will probably ask what reply he may take back to President Vargas. Will you let me know what your wishes in the matter may be.

With regard to the political aspects of the message

from President Vargas, both the Secretary of State and I obtained the impression in our last visit to Rio that Dr. Macedo Soares was not seriously regarded as a candidate for the presidency; that he would not receive the support of President Vargas; and that the most likely candidate for the next presidential term was Dr. Sousa Costa, the present Minister of Finance. In view of the political prospects in Brazil as they seemed three weeks ago and in view of the disparaging manner in which President Vargas spoke to me personally about Dr. Macedo Soares, it may be that Dr. Macedo Soares has exaggerated in the message conveyed to you the probability of his being selected as the "official" candidate.

Believe me

Faithfully yours,

[Sumner Welles]

*File
Personal*

File Dept *PSF*

Legation of the
United States of America,
Riga, January 28, 1937.

My dear Mr. President:

In view of all your many important occupations, particularly at the outset of your second term, I feel it especially gracious of you to write me as you did in your letter of December 16, with the personal touch in your own hand.

It has come to my attention that some of my colleagues tendered their resignations to you on the commencement of your second term. I did not do so, because of the continuity of your administration and because of my conviction that ambassadors and ministers serve only at the pleasure of the President, regardless of whether it be during his first or second term. I hope you will consider, therefore, that my resignation is always in your hands.

Having just returned from a vacation spent in France, Germany, Czechoslovakia and Poland, I believe I am now better able to look at European matters in a more objective manner. For instance, in this part of the world, the chief apprehension seems to be regarding the possibility of trouble between Germany and the Soviets; in France, on the

other

The President,
The White House,
Washington, D. C.

other hand, the principal preoccupation is the possibility of a German attack; in Germany, one hears about the danger of Czechoslovakia's being used as a point from which the Soviet air force could attack the Reich; in Czechoslovakia, apprehension is again expressed regarding the possibility of a German attack; and in Poland, fortunately, the major dangers seem at present to be forgotten because of a recent minor border incident with Lithuania:

With kindest regards and with gratitude for your thoughtfulness, believe me, with great respect,

Very faithfully yours,

Wm. Wells Shaw

P.S.F.
State

Ottawa, Canada.

March 2, 1937.

No. 1212

Subject: The St. Lawrence Waterway project.

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

I have the honor to refer to the Legation's confidential despatch No. 1104 of January 5, 1937, and previous correspondence concerning the St. Lawrence-Niagara Falls Treaty, and to report that I had a conversation this morning with Dr. Skelton on this subject. Dr. Skelton said that the talks with the Ontario officials had taken place last week as arranged. Mr. Thomas B. McQuesten, Minister of Highways for the Province of Ontario, and Mr. T. Stewart Lyon, Chairman of the Ontario Hydro

Electric

Electric Commission, were the two officials who had been sent by Mr. Hepburn for the purpose.

Dr. Skelton said that he felt that distinct progress had been made in that these officials, and apparently Hepburn himself, were very much more favorably inclined toward the whole St. Lawrence-Niagara Falls Treaty than had been the case a month ago. They had come to realize that while the power available from the private companies would tie them over for two or three years, by that time they would require the extra power furnished by Niagara Falls and the Ogoki. And a few years later, say within eight or ten years, they would be ready to use the power from the St. Lawrence development.

Dr. Skelton did not wish to be over-optimistic. He expected that Ontario would still wish to indulge in a certain amount of "horse trading". They felt that New York State had been able to secure better terms from our Government than the Province of Ontario from the Dominion Government, and Dr. Skelton was inclined to think that perhaps there was something in their argument. Also, there were still certain members of Mr. King's Cabinet who were not entirely favorable to the plan, particularly those interested in the financial and transportation angles and certain of the members of the Cabinet who feared the French-Canadian reaction in the Province of Quebec. As a matter of fact Mr. King was,

was, he stated, at that very moment taking up the question with the Government in Council meeting.

As to the possibilities of being able to put the treaty through at this session of Parliament he was somewhat fearful. First of all they would have to work out the details of the treaty. And, also, if a new agreement were to be made by the present Government with the Province of Ontario to replace the Bennett-Henry agreement, covering the financial division, this would take time. Dr. Skelton had explained to the members of the Government the urgency from the American point of view; that is to say that we felt it almost essential to present a treaty to our Senate during the present session of Congress, even though it might be too late to secure ratification by the Canadian Parliament during this session. Mr. King was planning to sail for England about April 20th and that left roughly six weeks only in which to deal with the matter. However, they would do their best, but it would require a good deal of pressure on the various members of the Government so fully occupied with other questions. In order to expedite matters Dr. Skelton had suggested to the Prime Minister that he appoint a sub-committee of the Cabinet to deal with the St. Lawrence question. If Mr. King acted on this suggestion he thought that the Ministers who would presumably be chosen would be the Ministers of

Transport,

Transport, Public Works and possibly Finance. There will also probably have to be a representative of the French-Canadian group. (Mr. Gardin, the Minister of Public Works, is a French-Canadian and would, it would seem, presumably meet this requirement.)

Dr. Skelton told me that they had been very much interested in studying the draft treaty which I had brought up with me from Washington. He said that they were all "full of admiration for the fine piece of drafting represented by the new treaty". In general, he felt that it offered a very good basis for discussion. There were, it was true, certain points with which they were not quite in agreement, notably with regard to the powers of the Commission, but he felt that the question had been dealt with very fairly and repeated that he felt the draft constituted an excellent beginning. I shall not fail to report to the Department any further developments, but I felt it important that this despatch should be in the Department's hands, if possible, before the arrival of the Prime Minister. In this connection I wish to call the Department's attention to a despatch from the Consul General in Toronto dated February 24th last, on the subject of "The Ontario Government and the Hydro Electric Power Issue: Attitude on St. Lawrence Project", two copies of which I note were forwarded to the Department, one for the files of the Commercial Office

Office and the other for the Division of Western European Affairs.

This despatch is of particular interest not only as bringing out certain new facts but as confirming points discussed during the recent conversations in Washington between officials of the Department, the Federal Power Commission and the New York Power Authority, at which I was present. I have in mind particularly a conversation which an official of our Federal Power Commission had on February 19th last with Dr. T. H. Hogg, Chief Hydraulic Engineer of the Hydro Electric Power Commission of Ontario, at the office of the Power Authority in New York, as well as the conversations that took place on January 30th in New York between officials of the New York State Authority and the Ontario Government. The Toronto despatch also bears out certain remarks Dr. Skelton made to me some days ago regarding Mr. Hepburn's change in attitude, which he attributed perhaps more to Mr. Hepburn's desire to be independent of the Beauharnois Company than prompted by the more constructive and statesmanlike motive to place the Province of Ontario in a position to meet the power shortage which those competent to judge felt was bound to come unless measures were taken along the lines of the St. Lawrence development.

CONFIDENTIAL.

Dr. Skelton confirmed what I had already heard
from

from the Prime Minister's Secretary, that Mr. King in responding to the President's invitation to come to Washington had decided to proceed via Toronto, and for that purpose would leave Ottawa tomorrow, Wednesday night, arriving in Toronto early Thursday morning and spend the day there, leaving the same night for Washington. While Dr. Skelton did not say so, I take it for granted that one of the objects the Prime Minister has in mind in going to Toronto is to talk over this whole question with Mr. Hepburn and his colleagues. Dr. Skelton stated that the question is being dealt with in Cabinet Council today, which will enable Mr. King to present to Mr. Hepburn the considered view of the Dominion Government. The talks with Mr. McQuesten and Mr. Lyon last week presumably put Mr. King up to date on the attitude of Mr. Hepburn, and it is therefore safe to assume that when Mr. King reaches Washington he will be in a position to give the President and the Secretary a far more definite statement with regard to the Canadian Government's position than anything we have hitherto had since the question was revived.

Respectfully yours,

True copy of the
original signed by

Norman Armour.

DEPARTMENT OF STATE

THE SECRETARY

3/10/37

*file
rip*

For Miss Le Hand

Respectfully submitted
for the attention of the
President.

CH

DEPARTMENT OF STATE

THE SECRETARY

March 5, 1937.

MEMORANDUM OF CONVERSATION BETWEEN SECRETARY HULL AND
THE PRIME MINISTER OF CANADA, MR. MACKENZIE KING.

The Canadian Prime Minister, Mr. Mackenzie King, who is visiting the White House upon invitation of the President, came to the State Department and spent an hour in my office. After an exchange of the usual civilities, I inquired as to what he thought of present trends in world affairs and the underlying forces most influencing them. He promptly replied that he was very discouraged about the outlook in Europe; that conditions were continuing very confused and improving but little, if any, in numerous ways while they were becoming worse in other ways. He made some reference to Germany, and I thereupon handed him, to read in confidence, a most interesting cable of March 4, No. 38, 4 p.m., from our Ambassador in Berlin. He read it with keen interest and pronounced it absolutely amazing. I then took this as a basis for my further remarks, which I am sorry to say were continued without interruption by the Prime Minister, except to frequently nod his assent and often to express his entire agreement.

- 2 -

agreement. I remarked that I had sought conferences with numerous important people from countries in Europe with the view to exchanging ideas and information with them touching present trends, especially in the western world affairs; that these included numerous persons of unusual ability and a few statesmen such as Lord Lothian, Mr. Walter Runciman and others. I said that I might illustrate the nature of these conversations by my talk with Mr. Runciman; that Mr. Runciman had first answered my inquiry about conditions abroad by remarking that they, the British, were waiting to see what Germany was going to do, and I had replied that apparently different groups were waiting to see what each was going to do, with the result that no movements or progress along peaceful lines were now being even undertaken, but that instead most nations were arming to the teeth, presumably for self-defense. I said, "I realize fully the vastly more complicated and difficult problems and conditions facing the nations of Europe than any that immediately face the nations of the Western Hemisphere; but I might give some illustration of what I have in mind by citing recent developments in this Hemisphere." I then said that until three years ago the twenty nations to the south of us were not speaking to us except as a matter of strained courtesy,

courtesy, and that if we had sat still as some of our good friends were now doing in the different countries of Europe, waiting to see what each other might say or do in the future, we on this continent would not be on speaking terms today. I went on to say that we had proceeded resolutely to prepare a broad and basic program, which contemplated the restoration of numerous, vitally important and indispensable international relationships, which had hitherto been abandoned or neglected or repudiated and so had become quiescent or dormant; that again we did not stop or sit still, but proceeded with all the energy possible to preach, day and night so to speak, from here to Cape Horn the doctrines and policies embodied in this program, to practice them as rapidly as possible and to urge other countries to practice them; that, as a result, when the delegates from these twenty-one nations recently met in Buenos Aires there was revealed a state of absolute confidence in each other, a spirit of genuine friendliness, and a wholehearted disposition for teamwork and cooperation to proclaim the policies and proposals in the program and to carry them into effect; that the program embraced more than a half-dozen basic, indispensable, international relationships. I remarked that the structure
of

of international law had been undermined and much of this law flouted in many parts of the world. This, I said, the Buenos Aires Conference preached anew - the whole spirit that underlies the law of nations and the great necessity for nations everywhere to cooperate to reestablish international law in all of its vigor; that at the Conference the principle of non-intervention was proclaimed to the world, along with the doctrine of sovereignty, equality and territorial integrity for all nations, small as well as large, and called for international cooperation for the maintenance everywhere of this great principle; that the Conference preached the spirit that underlies all moral concepts and urged the restoration of international morals as the only foundation for ordered and orderly relations between nations; the necessity for the development of a disposition and a will to reassert and scrupulously to observe the sanctity of international understandings and agreements was reasserted and proclaimed both to the nations of this continent and those of the world and their cooperation earnestly urged; the adoption by all important countries of liberalized commercial policy and a suitable program for economic rehabilitation was made the subject of speeches, declarations and resolutions of the convention; and that this

major

DEPARTMENT OF STATE

THE SECRETARY

major objective and the program for its pursuit was strongly put forward as the central point in any sound and adequate program for political, economic, social and moral recovery; further cooperation to extend exchange stability was considered a part of any suitable program for normal economic restoration; and, finally, the Conference devised and set forth elaborate and practical programs and concrete machinery both for the promotion and preservation of peace; that these were the chief definite and substantive and all-important provisions of a basic program of restoration and recovery.

I then said that if some important country in Europe would proclaim this program - Great Britain for instance - the Scandinavian countries would at once get behind it, as would the countries from Switzerland to Holland, some of the Balkan countries, possibly Poland, and certainly the twenty-two American nations on this Hemisphere, with the result that more than 30 nations would be marching across the Western world proclaiming a broad, concrete and basic program for the restoration of international order, the promotion and preservation of peace, and the economic well-being of peoples everywhere; that the
entire.

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entire moral influence and the tremendous economic influence of all these nations, thus insisting upon a peaceful course of settlement and readjustment and rehabilitation, would be exerted upon any country not disposed to join in support of such program; that such country could no longer question the good faith of any of the nations pursuing this peaceful program nor their evident desire to establish fair and friendly relations in every essential respect, with the result that all of the important nations would, in all probability, join in such broad and wholesome movement; that if for the time-being some should refuse to do so, the more than 30 nations formulating and supporting such program as I had described, would in any event have been doing the wisest and most profitable thing for themselves and for the world. I said, "If Great Britain tomorrow should proclaim her support and her leadership, as she could, it would literally thrill the world and especially the peace forces and the forces of law and order and morals and religion everywhere." I then said that it did seem clear to me that the present picture in Europe - in which each country was simply arming on a huge scale for self-defense, with no serious talk or movement in the direction of peace

or the restoration of normal international relationships - omitted two angles in appraising future developments; that one of these was the inevitability of an economic collapse within another two years in the light of the wholly unsound economic structure, which was made more unsound by the immense program of armaments and military expenditures; that if each nation continued to sit behind its own economic breastworks and fortified on a huge scale for self-defense militarily, such an economic cave-in would most seriously dislocate all domestic economic structures, just as the panic of 1929 wrought havoc from country to country until it spread throughout the world; and that the second angle was the manifest and patent fact that if all nations simply arm and sit back awaiting future developments in international affairs, with the channels of international trade almost dried up relatively speaking, and with no opportunity for many nations to procure their actual necessities, as in the case of Germany, this country of 70 million people would some day become sufficiently hungry and sufficiently without clothing as to create a state of desperation, with the result that from one to two million Germans, well trained and fairly well armed, would start on the march, probably

probably to the south. I said, "Then what would Great Britain and other countries who had been sitting back arming, merely for self-defense, do about such a dangerous development with its inevitable possibilities of ever-increasing danger?" I said that some of our British friends back yonder in discussing economic programs had remarked that they preferred first to see what Italy was going to do; that they had discovered what she was going to do, and then they proceeded to prepare a great program of armaments, which was being steadily enlarged in Great Britain to this day. I added that some of my British friends now said that they were waiting to see what the Germans were going to do. I said that the time had passed, in my judgment, when nations could look out over the field of difficulties and problems ahead and single out, from time to time, some one of them and treat it as a separate, detached, unrelated phase of present difficulties which had to be solved, and make any progress in dealing with such single problems; that they had become so interrelated, and international conduct and practices and conditions had become so abnormal and chaotic, that it would be necessary for the important nations first to make up their minds that they must

cooperate

cooperate with each other in support of a comprehensive and basic program containing most of the essential tasks and difficulties to be dealt with to the extent that the nations could consistently cooperate in their solution, while the political phases would naturally be dealt with regionally or by the countries of Europe collaborating and conferring among themselves; that when the nations visualize the utter hopelessness and the disastrous possibilities inevitably ahead if they continue to pursue their present policy of narrow, discriminating and trouble-making methods of trade, accompanied by increasing races in vast armaments, and by a policy of the worst brand of militarism, and determine definitely, deliberately and irrevocably to pursue such a program of peaceful restoration and rehabilitation as I had described, then they could be counted upon to have faith in each other, to develop wholehearted friendliness towards each other, and to collaborate and cooperate to the extent consistent with each other's domestic policies in the great movement and program for the restoration of economic well-being and of peace. I elaborated somewhat on these views, and then said to the Prime Minister
that

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that I and most of those with whom I had counselled and collaborated and worked were primarily and paramountly concerned with the great major undertaking as embodied in the program already outlined; that it was indispensable for the preservation and promotion of peace and the avoidance of war, or at least an economic cataclysm; and that economic rehabilitation, as stated, would have to be the central point in such program. I then reemphasized that the first essential and practical step was a broad and basic program, as already indicated; that the entire spirit underlying each substantive provision in such program must be revived; and that all the nations interested must gradually develop a disposition and a will to collaborate and cooperate in the definite and unwaivering support of the program. I said that so long as neither individual nor concerted effort in such a general undertaking was either attempted or seriously in the mind of countries, in Europe for example, it was inevitable that the nations of Europe each month would hear more distinctly the roar of the military Niagara, in which direction they were steadily moving; but that when nations once made up their minds to form and pursue

a broad

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a broad and basic program, each would find numerous ways to solve, or aid in solving, what today appeared to be difficult, if not insoluble, problems; that the broad course I had indicated was the only alternative to the present helpless and hopeless drift of uncontrolled conditions in Europe.

I again emphasized the view of my Government that now there was not a moment of time to lose, that it might even be too late from the standpoint of military or economic catastrophes; that it was all-important, therefore, that a great concerted movement behind such a fundamental program as I had described should be immediately launched. I stated that it was impossible to visualize the profound impression and the tremendous awakening of the forces of peace and of ordered and orderly relationships among nations, which a great procession of more than 30 civilized nations across the western world would create, by proclaiming the sound, wholesome and basic program for all phases of restoration, revitalization and rehabilitation of the international life of the world, such as had been defined.

I then said to the Prime Minister that some days ago Canadian Minister Marler had inquired of me whether

I had

I had anything to say about Empire preference, in connection with a program of liberalized commercial policy for the purpose of restoring the normal processes and volume of international commerce and finance; that I had replied that the single, great major objective of economic peace - moral, social and political restoration and rehabilitation under a system of planning and of support such as I had just described - was the all-absorbing matter and the matter of supreme consideration. I went on to say that if and when a nation or group of nations should make up its or their minds to join in carrying forward this broad program, they could be absolutely depended upon to so adjust their individual economic policies as to conform to the fundamental principles of economic liberalism which lie at the base of sound and normal international economic relations and of their achievement; that nations supporting the broad objective would, on their own initiative, proceed to set their own economic houses in order and make their policies conform to the general policy of reducing or removing excessive restrictions and obstructions to the reasonable flow of international commerce and finance; and that they would, if I might say so, proceed as did this

Government

Government when it launched the broad reciprocity program and on its own initiative immediately attacked and proceeded to lower the unreasonably high rates of the Smoot-Hawley tariff structure. I said further that if trade obstructions, whether in the Smoot-Hawley tariff or in Empire preference, were unreasonably high and had the effect abnormally and excessively and arbitrarily to divert commerce, from its usual and natural channels, to entirely artificial channels, I had faith that the nations concerned could be absolutely depended upon to deal with such excessive restrictions and restraints as a part and parcel of their plans and activities in support of the program for world economic rehabilitation; and that compared with the vast increase in trade among nations generally that would thus follow, the effects of individual trade agreements, in my judgment, were of a wholly minor and almost insignificant nature. I continued that if nations were to forget the big economic objective and to lapse back to the low level of nothing but bilateral jockeying, bartering and bargaining for microscopic trade advantages, with no concern about the international economic situation - a course being pursued today

today by most countries in Europe - then there was nothing ahead except a repetition of something approaching the economic collapse of 1929, as already indicated by me; and that in the light of these patent considerations I was making my appeal to statesmen in the capitals of every civilized country that they embrace this broader viewpoint.

I then remarked that I had said to my friend Mr. Runciman that while in South America I sought to organize some of the nations behind Great Britain's leadership for the betterment of the economic situation, but that in each instance I was informed that they did not know which way Great Britain was moving. I stated that I had then added to Mr. Runciman, that, to be entirely candid, I myself was convinced on viewing the entire series of British acts and utterances that his Government was actually moving backward further towards the extremes of economic nationalism, instead of forward towards economic recovery; that I agreed that so long as her great housing program and her great program of military armaments were being carried out, Great Britain would feel no serious economic pains, except from the possible effects of high inflationary prices;

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prices; but that this economic condition would be short-lived, and that from the long-view standpoint this present policy would be equivalent to sowing the winds and later reaping the economic whirlwinds. I said that the exports of Great Britain to the world outside the Empire from 1934 to 1936 had increased scarcely 50 million dollars, and that for the British Empire to shut itself up economically, by extreme or embargo restrictions, the effect inevitably would be to reduce the sum total of world trade and correspondingly to obstruct its progress and expansion through the efforts of the other nations of the world. The Prime Minister interjected from time to time that Canada supported the viewpoint I was expressing and illustrating.

When I reached this stage and before I had quite concluded, notice was sent in that the Prime Minister was due at the White House. He thereupon arose, expressed his genuine interest in the views I had outlined, and requested me to send him copies of my recent speeches at Buenos Aires and here, in order that he might examine them while he was taking some relaxation in this country. He finally said that he expected to go to London soon and

that

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that he might be of some aid in advancing this broad program while there. I very earnestly expressed my appreciation and added that in my unqualified opinion he had the opportunity of ten lifetimes to render service on a vast scale and of a most historic character.

G.H.

S CH:HR

March 26, 1937.

State Dept
RF

MEMORANDUM FOR THE PRESIDENT

This relates to our policy in respect to the expropriation of American-owned property in any foreign country.

In a memorandum sent to Mr. Moore on January 16 you express the view that our policy should be stated as follows:

"In the matter of expropriation of American owned property of any kind in any foreign country the United States expects prompt and effective compensation to be paid to the owners on not less than the same basis that payments are made to the nationals of the country making the expropriation."

I am fearful that an announcement of policy along these lines would give rise to much speculation and difficulty, since it will be understood as meaning that American nationals under no circumstances are entitled to better treatment in foreign countries than the nationals of those countries.

Our country and Latin American countries alike subscribe to the universal doctrine of just compensation or its equivalent. In applying this principle some of the Latin American countries announce a policy of providing compensation to alien owners on not less than the

same

same basis that payments are made to the nationals of the country making the expropriation. This Government, in common with most others, has been quite willing to subscribe to this rule so far as it goes, but with the definite and express understanding that if the amount offered the nationals of the foreign country is manifestly and substantially less than reasonable, fair or just compensation, or if nothing at all is offered, this Government cannot leave its nationals to the mercy of debtor countries contrary to reason, the holdings of all international agencies and tribunals and the principles of long-established international law. All the nations of the world adhere to the standard and rule of law that adequate compensation should be paid when the property of their nationals is taken by other countries and they hold this nation to its observance. A State may, of course, do as it pleases with respect to the property of its own nationals. But international law and established practice governing the relations between nations has never recognized the right or privilege of one nation ex parte and in its own manner to be the sole and exclusive judge of what it should pay to the national of another country for property taken over by it.

The subject is now of increasing importance, due to the fact that so many nations are coming under the

control

control of dictators who are able to change overnight their domestic laws pertaining to private property. This being the case, it would seem extremely dangerous to announce that American property owners in other countries, when their property is expropriated, may expect no better treatment than the nationals of the country taking the property. Such an announcement would certainly amount to an incentive to foreign governments now encroaching upon the rights of aliens to go much farther than they have otherwise gone in the direction of confiscation. It can hardly be doubted that it would produce world wide repercussion.

In many countries property is taken and contracts are cancelled or violated to a large extent with impunity, sometimes by administrative authorities and other times by legislative decrees and in still other cases by court decisions. The tendency in this respect is increasing. A few examples will suffice to show the difficulties which have been experienced in the past.

1. An American national, Walter Fletcher Smith, owned valuable property on a beach near Habana, Cuba. In 1919 a Cuban corporation desiring the property for use as a race track and an amusement park and being unable to purchase it from Smith, instituted condemnation proceedings in the courts. The property was turned over
to

to the corporation upon the deposit by the latter of \$9,500, which the corporation stated was the value of the property. Smith was unable to obtain reasonable redress in the Cuban courts. The case was arbitrated in 1929. The Cuban corporation then contended that the property was worth less than \$35,000. The arbitrator found that Smith was entitled to \$190,000. Cuban nationals whose property in the same vicinity was taken over at the same time and for the same purpose had no such remedy as arbitration and were bound to take what they could get under local law.

2. In 1922 W. P. Shufeldt, an American citizen, purchased a concession in Guatemala for the extraction of chicle from a certain defined forestry area. After he had built up a prosperous business the legislature passed an act cancelling the concession. The Guatemalan Government offered to pay the concessionaire \$80,000, which he refused to accept. The case was arbitrated before the Chief Justice of British Honduras in 1930 and he awarded Shufeldt \$235,468.38, stating that this sum should "in justice" be paid the claimant.

3. A Mrs. deSabla owned an estate of 3180 hectares in Panama. Parts of the property were taken over by the Government from time to time between 1910 and 1930 as Government land and turned over to certain petitioners.

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The claimant found it impossible to protect her rights under the law and procedure in Panama and in 1933 the case was arbitrated along with others and the commission awarded the claimant \$76,000 stating that the remedy under Panamanian law was not "adequate" and that:

"It is axiomatic that acts of a government in depriving an alien of his property without compensation impose international responsibility."

Here again had Mrs. deSabla been required to submit to the treatment accorded nationals of Panama she probably would have received little or nothing for her property.

4. In 1936 the Dominican Government by legislative act created a commission to receive and pass on claims against the State. The commission was empowered to determine amounts due the claimants and to discount these amounts up to 25 percent. Some sixty or more claims are held by American citizens against the Dominican Republic, most of which represent supplies furnished that Government by the claimants with respect to which there is no dispute as to the amounts due. This authority arbitrarily to reduce the claims constitutes a taking of property without compensation. Nationals of the Dominican Republic have no recourse as to such treatment but international law entitled aliens to payment of the undisputed amounts due them.

The chief difficulties in Mexico do not arise out of the valuation of the property but rather out of the non-payment for the property taken. As a matter of practice the Mexican Government has not for the past several years paid for any of the agrarian property. For a time that Government issued bonds to the land owners but it has defaulted on both the interest and the principle of the bonds and they are now practically worthless.

Apart from the Mexican situation it is necessary to bear in mind other situations existing in various parts of the world. Not only has this and other Governments generally insisted that some rule analogous to the principle of just compensation should be followed with respect to private property taken over in other countries, but this Government has also frequently been required to follow this rule when it has requisitioned property belonging to aliens and the compensation offered was not deemed by their governments to be adequate under international law.

During the World War the Shipping Board took over in American shipyards ships under construction for Norwegian nationals and material that had been placed in
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the yards for use in the construction of ships. The Requisition Claims Committee of the Shipping Board awarded the Norwegian nationals as "just compensation" two and a half million dollars. They were not willing to accept this amount. The claims were arbitrated and this Government was compelled to pay the Norwegian nationals more than \$12,000,000. The Permanent Court of Arbitration at The Hague in deciding the case stated that:

"Whether the action of the United States was lawful or not, just compensation is due to the claimants under the municipal law of the United States, as well as under the international law, based upon the respect for private property."

To accord aliens in the United States no less favorable treatment than nationals gives them, generally speaking, because of the provisions of our Constitution, requiring the payment of "just compensation" for private property taken for public use, all that they would be entitled to under international law. This cannot be said as to American nationals in certain foreign countries for the reason that their national law is frequently below the standard of international law.

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DEPARTMENT OF STATE

THE SECRETARY

April 22, 1937.

MEMORANDUM FOR MISS LE HAND.

Respectfully returned to Miss
Le Hand for the President.

*File
Confidential
Personal
State Dept*

THE WHITE HOUSE
WASHINGTON

April 21, 1937

MEMORANDUM FOR THE SECRETARY OF STATE

To read and return.

F. D. R.

Enclosures

Thanks

CH

DELEGATION OF THE UNITED STATES OF AMERICA

Claridges Hotel,
London,
April 13, 1937.

PERSONAL FOR THE PRESIDENT

My dear Mr. President:

Although the work of the Sugar Conference has been very exacting, I have had enough contacts to get some definite impressions. It is evident that the political situation in Europe is improving but the economic situation is getting worse and more precarious.

I am convinced that there can be no political appeasement or stability without opening up the channels of trade and stopping the suicidal increase in armaments, but that no appreciable headway can be made to achieve this until the British are ready to fall into line. Eden seems to appreciate this. He told me confidentially that he and Chamberlain now see eye to eye and are working harmoniously together, and intimated that if we will be patient and give them some time they will get into line with us on economic policies. I have heard from other sources that Chamberlain's mind is opening up and that he sees the importance of an Anglo-American trade agreement and economic cooperation. I also gather that Runciman wants it but balks over details.

Last week Sir Samuel and Lady Maud Hoare

The Honorable Franklin D. Roosevelt,

The White House,
Washington, D. C.

gave a luncheon to my wife and me at which I sat next to Mrs. Neville Chamberlain. She told me her husband was very sorry he was unable to attend the luncheon because of preparation of his budget which is absorbing all of his time. She said, however, that she knew he wanted very much to have a talk with me just as soon as he finishes with his budget next week.

I am sorry there have been so many speculations about my visit here but I am convinced that this was largely due to the fact that Europe has a haunting fear of catastrophe and is grabbing at any straw. They hope that someone will somehow save them from themselves and feel that you are the one person who can do it. I do not believe, however that they are quite ready to do what is necessary and that at any rate, unless there can be a meeting of minds with the British, nothing could be done.

M. Spinasse, the French Minister of National Economy and Chief French Delegate to the Sugar Conference, called on me last Friday, ostensibly to discuss ways and means to bring about a sugar agreement. After concluding our discussion on sugar, he remarked that the French Government was anxious to extend the scope of the Stabilization Agreement so as to bring about a removal of exchange controls and a reduction in quotas and tariffs, but that they had received no encouragement from the British. He said his government was most sympathetic with our liberal trade policies and hoped

we might do something to induce the British to fall into line. Also, France is most anxious that something be done to secure a disarmament agreement before it is too late and hoped we would take the initiative. His opinion was that the British and French are by their rearmament diminishing the risks of war but that they are thus incurring a serious danger of financial and economic collapse, unless something is done without much delay to relieve the strain because France at least will find it most difficult to continue for more than a year at the present pace.

I told Spinasse I had nothing whatever to do with stabilization but that I was keenly interested in economic and military disarmament, although I doubted if Europe was yet ready for this. I asked him what was the significance of the announced initiative on the part of Belgium to investigate and report on the possibility of reducing the restrictions on trade. He said the British had not felt like taking the initiative but had consented to having Belgium do so. The press announcement from Brussels, however, was a leak, made evidently for the purpose of influencing the elections. Many countries desire to relax exchange control and reduce quotas, etc., but they are afraid to do so without an agreement for economic collaboration and commercial credits to bridge the period of change.

He said that although it is evident that a political appeasement and economic and military disarmament

are essential to European peace, it seems impossible to achieve this all at once, or to do one thing without doing the others. Without an improved political atmosphere nations are afraid to reduce trade restrictions and financial controls, as well as armaments, and the problem is to know where to begin or whether to try one thing at a time or to tackle the problem as a whole.

In so far as concerns Germany and France, he said that France desires an appeasement and is willing to make an effort to that end, but that if France should make a move herself Germany would consider it weakness. His Government was, therefore, hopeful that the United States might be willing to act as mediator. He asked me what I thought our attitude would be about undertaking such a role. I replied that this was a very delicate matter which I did not feel authorized to discuss and intimated that if his Government wished to propose a step of this kind, which would involve our taking a responsibility that might prove to be embarrassing, they should approach Ambassador Bullitt and not me. I told him however, that my personal opinion was that notwithstanding our earnest desire for European peace, we would not undertake to settle the political problems of Europe or to compose controversies between European countries; but that if those powers can bring about a political appeasement among themselves, I felt certain the United States would be only too glad to cooperate, insofar as is practicable and feasible, in economic rehabilitation and disarmament, without which

there would be no foundation for peace.

I asked Spinasse if his Government would be disposed to negotiate a direct agreement with Germany, independently of the British. He said that under no circumstances would they do so and, in fact, that it would not be possible to effect a settlement with Germany without British participation because it would inevitably involve financial aid, economic collaboration, disarmament and some satisfaction with regard to colonies, and without the British they could not get anywhere.

In view of the inconsistency in the suggestion that we act as mediators between France and Germany, and the categorical statement that France would not move without the British since it would not be possible to effect a settlement with Germany to which the British are not parties, I can only conclude that it must be a device to draw us into the European political situation.

In concluding our conversation I told Spinasse that I inferred from what he had said, his view was that the British are the principal key to a European political settlement, economic rehabilitation and disarmament. He said that was correct. The British attitude, however, as repeatedly expressed by Chamberlain and Eden, is that before any effective step can be taken for economic recovery and disarmament, there must be a measure of political appeasement and some concrete evidence, on the part of Hitler particularly, that Germany genuinely wants peace. It is, of course, a vicious circle. Europe is

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in a helpless state of mind such as that of a sick person who can not get his mind off of his malady.

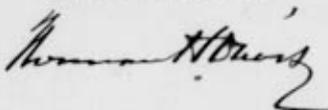
I am enclosing an article by L. P. Jacks, in the Observer, which seems to me to size up the psychological situation admirably and which I am sure you will find of interest.

I will report to you the result of any further talks with Eden - also with Chamberlain.

With warm regards and best wishes,

I am,

Faithfully yours,



NHD:EH

THIS OVERSIZE ITEM HAS BEEN
MICROFILMED IN SECTIONS.

THE OBSERVER, SUNDAY, APRIL 4, 1937.

ARMS AND NATIONS.—II.

"THE SUICIDE CLUB."

HOW TO MAKE A DIVERSION.

CO-OPERATION IN EARNEST.

A POOLED FUND FOR PEACE.

(Concluding Article.)

BY DR. L. P. JACKS.

If the sovereign States of the world are studied one by one it is obvious that each has intent on self-preservation. But if we view them collectively it would seem that some "power not themselves" is goading them on to self-destruction. The tendency of the whole seems to be in opposition to the tendencies of the parts, as though a Suicide Club were to be composed of members each determined to preserve his own life at all costs. In correspondence to this we should observe, on studying their mentality, that each of them desires to live in peace, while the totality seems afflicted with a war-complex which overpowers their individual desires for peace and drives them continually in the direction of war. *Sauve qui peut* is the principle on which each is acting; the result in the total is a general rush down a steep place into the sea—in other words, the race for armaments. Individually they appear to be sane, but collectively mad.

I.

THE WAR-COMPLEX.

Were this curious phenomenon referred to a psychologist for explanation he would probably point to the war-complex as the key to the paradox. He would remind us that these nations have brooded on war so long, had the image of it so continually before their minds, kept the discussion of it so prominent in the forefront of their common deliberations and, finally, become so obsessed with the fear of it, that their collective behaviour has become that of a panic-stricken crowd. Asked for a remedy, his reply would necessarily be of a general character. He would tell us that the only way to deal with such a case is to create a powerful diversion. "If by any means," he would say, "you can turn the minds of these infatuated masses in a new direction, draw their attention off to another object, and get them busy together in the pursuit of some common interest you will have taken the only possible way to break the

they were not prepared to face. The strain was too great for their good faith.

III.

MILITARY AND ECONOMIC AGREEMENTS COMPARED.

Agreements between nations are, therefore, most likely to be kept when they are pitched on ground where the temptations to bad faith are relatively low and the inducements to good relatively high. In both respects economic agreements compare favourably with those of the military or coercive type, which always involve the risk that one or more of the parties may be dragged into war against its will, and so discover, as in the case just cited, that it has sworn unwittingly to its own hurt. Not that economic agreements are completely immune from infraction through weakness or treachery. No human compact can ever be that, so long, at least, as original sin is unexpunged from human nature. But they can be so contrived as to be good business for the parties. In that form, though not invulnerable to bad faith, they are less vulnerable to it than agreements to co-operate in the use of force.

An international fund, for example, would be more likely to function according to plan and follow the rules laid down for its administration than an international force to obey orders, act loyally in concert, and strike promptly without dissension at any point where its services might be required. If the nations want to pool anything for their common protection, their economic resources seem to be the most suitable for the purpose, far more suitable, certainly, than their military powers. The pooling of the latter would inevitably bring on a collision with the principle of national sovereignty on every occasion when the question arose of using the common force in war, since the decision to go to war is one which no sovereign State can pass on to another authority, at Geneva or

ably one, does it not follow that the limitation of armaments and economic co-operation must be linked together as a joint operation if either is to be attempted with any hope of success? May it not be that the economic field provides an opportunity for the countervailing measures which are needed to offset the checks to industry involved in limitation, reduce the shock to a minimum, and absorb whatever shock there may be?

What if limitation of armaments, which by itself is purely negative, were made an integral part of a positive scheme for liberating the channels of international trade, now extensively frozen and blocked, and so bringing to industry a greater and more lasting prosperity than the temporary prosperity it now gets from the pouring out of colossal sums on the production of armaments? What if the two operations, each impossible in isolation from the other, were so combined that the one would furnish the means for setting the other on foot, thereby converting it from a vague aspiration into a business-like enterprise profitable to all the parties? As we ponder these questions, emerges the dim outline of a good bargain.

This bargain may be imagined as taking shape somewhat as follows. We conceive that a conference has been summoned (this is inevitable) for considering the limitation of armaments; but with this important difference from its ill-starred predecessor, that limitation is now to be considered as linked to economic co-operation, and not as an isolated question. Avoiding the confused, complicated and virtually insoluble problems on which the predecessor broke down, the proposal will be made to apply limitation, not to armaments per se, but, far more simply, to the colossal expenditures they now involve, probably £2,000,000,000 per annum in Europe alone—attacking the enemy, so to speak, at the source of his supplies.

With this twofold object in view the parties would agree (1) to follow the recent suggestion of the French Government by publishing 15% budgetary expenditure on armaments, and (2) to reduce that expenditure in a specified proportion all round, for the sake of argument, say 10 per cent.; the 10 per cent. so saved from expenditure on mutual destruction to be contributed by each of the consenting nations to an international fund, deposited in the Bank of International Settlements, and used for promoting and financing economic co-operation on definite lines. With the two objects thus linked together, and our conference discussing them in that form, the outlines of a good bargain become fairly clear.

VI.

THE LEAGUE FINDS ITS MISSION

At the present rate of expenditure on armaments the pool in three years conceivably amount to £600,000,000 even if we reduce that by half.

BEST AVAILABLE COPY

these intimidated masses in a new direction, draw their attention off to another object, and get them busy together in the pursuit of some common interest, you will have taken the only possible way to break the power of their war-complex and bring them back to reason and common sense.

In this article we shall try to follow the psychologist's hint. Our search will be for that "powerful diversion" recommended by him as the antidote to the war-complex, and we shall endeavour to give the idea what precision we can. This search might have been undertaken, and perhaps one day will be, by the League of Nations. But, unfortunately, the League of Nations, instead of liberating the corporate mentality from the war-complex, as many hoped it would do, fell unwittingly into its power.

Our starting point will be the assurance recently given by at least three leading members of His Majesty's Government that they and their colleagues are prepared to do all in their power to further the attainment of two objects: (1) All-round limitation of armaments, and (2) economic co-operation on an international basis. Our suggestion will be that if these two objects, instead of being pursued in separation, can be so linked together that the pursuit of them becomes a joint operation, we shall be started on the way to a "powerful diversion" of the international mind from its present disastrous preoccupation with the image and vocabulary of war.

II.

THE MOST VULNERABLE FORM OF AGREEMENT.

In devising mechanism for the better ordering of the world we have constantly to remind ourselves of a truth obvious enough but easily forgotten in a mechanically-minded age. Whatever agreements, treaties, or covenants may be negotiated between nations, it will be found that they depend in the last resort, not on the perfection of the mechanism, but on the voluntary good faith of the parties, and on the quality which takes the form, in its highest manifestation, of "swearing to one's own hurt and changing not." Of this essential quality, even in forms which fall far short of the highest, the international ethics of the modern world, as recent history clearly shows, betray deplorably little. Nor does there seem to be any possible mode of guarding against the ruin of covenants by the bad faith of one or more of the parties.

For is it not obvious that any contrivance for coercing defaulters into fulfilment of their obligations under a covenant must itself be made the subject of a covenant, and that this will be no less vulnerable to bad faith than the original covenant it is designed to protect? It would seem rather to be the most vulnerable of all the forms which an international agreement might take. This was a lesson of recent events. When SOLZGNI worked his will on Abyssinia, the Covenant was broken, not by him alone, but by the whole group of nations bound by the same covenant to put his profligate under arrest. They all discovered, when it was too late, that they had "sworn their own hurt," and to a degree of "hurt" which involved the possibility of a total war. This, when the crisis came,

national sovereignty on every occasion when the question arose of using the common force in war, since the decision to go to war is one which no sovereign State can pass on to another authority, at Geneva or anywhere else.

Where the use of a common fund is concerned, this difficulty is less formidable, and at the minimum in the case of a good bargain. Whence we may draw the conclusion that if international co-operation is to be set on foot in a form which gives reasonable hope that it will not be wrecked by bad faith, the military or coercive form should be avoided and a beginning made on economic ground. An international fund is far more manageable than an international force.

IV.

"FACILIS DESCENSUS AVERNI."

Here our search for a "powerful diversion" encounters a most formidable obstacle. It lies in the comprehensive character of the race for armaments, in the vast variety of forces that contribute to its momentum. War machinery, whether for attack or defence, has now become so closely interlocked with economic machinery, both financial and industrial, that a check on the one is necessarily a check on the other, a diversion of either necessarily a diversion of both. The raising of the enormous sums now spent on armaments would clearly be impossible were it not that the war machinery and the financial machinery of a nation work together as an indivisible system.

The connection is still more clearly seen when we consider the nature of modern armaments. The armament industry, needless to say, is not carried on exclusively in the factories where cannon, rifles, explosives, and the other munitions are produced. A vast congregation of industries is drawn into the net—iron, coal, oil, transport, chemicals, machinery, and innumerable others, all "mobilised" to make their respective contributions. Not to enlarge unnecessarily on the obvious, suffice it to say that a reduction of armament expenditure in any country, if unaccompanied by countervailing measures, would be followed immediately by economic disturbance, involving a general increase of unemployment and an extensive lowering of quotations on the national Stock Exchange.

To stop the race for armaments is by no means the simple operation suggested by the mere words. It would be stopping a race in which all the main currents of finance and industry are deeply involved, and in which the bulk of the working population are not spectators merely but participants. When once the industry of the nation has been "mobilised for defence," as high authorities have recently urged it must be, it will be found extremely difficult to demobilise later on and to remobilise for anything else. Getting into the race for armaments is much easier than getting out of it.

V.

A GOOD BARGAIN.

Precisely at this point, where the prospect seems darkest, the light begins to dawn. Bearing in mind that war machinery and economic machinery are inseparable,

THE LEAGUE FINDS ITS MISSION.

At the present rate of expenditure armaments the pool in three years would conceivably amount to £600,000,000, even if we reduce that by half, it as it would be created for giving rise to economic co-operation in forms which under competent management, would give profitable results to all the participants. We may conceive the Fund as controlled and managed by a Board of International Trustees, working under rules of equity devised in form and supervised in operation by the League of Nations, now equipped with a powerful instrument of constructive peace.

As to the possible modes of employing the Fund, five can be named at once, each pointing the way to others of like nature: (1) the stabilisation of currencies with a view to freeing the frozen currents of international trade; (2) the lowering of tariffs for the same purpose; (3) financing the distribution of raw materials by means of appropriate credits; (4) promoting international social services of the kind now carried on, but cramped for lack of funds by the League; (5) the assistance of nations afflicted by natural calamities such as earthquakes, famine and flood. These five and doubtless many others. The position of the contributory nations would be analogous to that of policy-holders in an Insurance Company. What each got out of the Fund would be proportional to what it put in.

No addition would be made to the present burden of taxation in any country. The operation would consist simply in the transference of so much of the national revenue from unproductive to productive use—so much withdrawn from the service of the war machine and converted to the service of constructive peace.

VII.

FANTASTIC!

Of all this only a rough sketch, such as a man might draw in the sand with the point of his stick, can here be attempted. Enough if the principle of the "joint operation" has been made clear. The moral level is that of a good bargain, which, if it is not the highest level, is certainly not the lowest. The basis of the suggestion, if a basis can be claimed for it, is common sense, humblest among the servants of the moral ideal, but perhaps the most trustworthy. Its merits, if any, are comparative. If judged fantastic, the answer must be that it can hardly be more fantastic than the coercionist plan, hitherto in the ascendant, on which so much high talent has been wasted. There seems, however, to be this in its favour, that if once set on foot even on a limited scale, its tendency would be to expand and to draw into itself more and more of the forces now making for catastrophe. Its action would be progressive. A self-developing common interest would be established on a business-like foundation. Thus the nations would be hopefully started on the way to that "powerful diversion" which our psychologist rightly indicated as the sole remedy for their collective madness. Those who regard the sudden advent of world peace as impossible and are content to work for the gradual development of collective security may see here a fingerpost pointing to a line of action not unworthy of further exploration.

*Sumner Welles
State Dept*

May 27, 1937.

Letter from Sumner Welles to the President
in re-draft letter(attached) by Hull to Chamberlain.

SEE--Great Britain folder-Drawer 2--1937



DEPARTMENT OF STATE
WASHINGTON

In reply refer to
PC 811.001 Roosevelt Visit/321

May 29, 1937

My dear Miss LeHand:

I am sending you herewith, as of probable interest to the President, a copy of a recent despatch from the American Ambassador at Santiago, relative to the delivery by the Ambassador of a letter from President Roosevelt, addressed to President Alessandri of Chile.

Sincerely yours,

T. R. Southgate
Chief of Protocol.

Enclosure:
From Santiago, May 13,
1937.

Miss Marguerite A. LeHand,
Private Secretary to the President,
The White House.

*File
Diplomatic*

State Dept

Department of State

BUREAU
DIVISION

PC

ENCLOSURE

TO

Letter drafted

ADDRESSED TO

Miss LeHand

EMBASSY OF THE
UNITED STATES OF AMERICA

Santiago, May 13, 1937.

No. 596.

Subject: Letter from the President to President
Alessandri of Chile.

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

I have the honor to acknowledge the receipt of the Department's Instruction No. 219 of the 5th instant enclosing a letter from the President to President Alessandri of Chile.

The President's letter was delivered by me to President Alessandri today, the 13th instant.

Señor Alessandri received and read the letter with evidence of great satisfaction. He requested me to convey to President Roosevelt his sincere thanks and an expression of the very great pleasure it will afford him and the people of Chile to receive the visit of the President and Mrs. Roosevelt in this country.

Señor Alessandri took occasion also to express again the very high admiration he entertains for our President and remarked enthusiastically that this fine gesture on the part of the "Good Neighbor" will constitute a most notable event in Chilean history.

Respectfully yours,

HOFFMAN PHILIP.

800.1

HP:his

file
THE UNDER SECRETARY OF STATE
WASHINGTON

June 18, 1937

Personal and
Confidential

PSF: *State Dept*

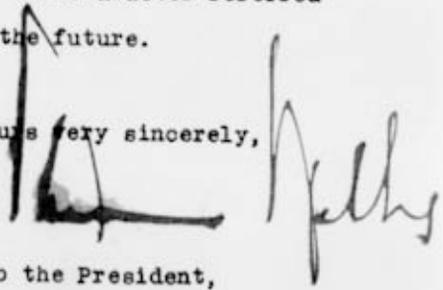
Dear Marvin:

In accordance with your memorandum of June 17, I am returning these papers for your files.

I spoke to the President personally Wednesday afternoon again about this matter, explained to him exactly what had occurred, and he gave me certain instructions which will, naturally, be carried out. I am inclined to believe that through the carrying out of these instructions, leaks of the character referred to will be avoided in the future.

Believe me

Yours very sincerely,



The Honorable
Marvin H. McIntyre,
Assistant Secretary to the President,
The White House.

THE WHITE HOUSE
WASHINGTON

June 17, 1937.

MEMO FOR MAC

I want a follow-up on
this and tell Sumner that I am
not satisfied.

F. D. R.

THE UNDER SECRETARY OF STATE
WASHINGTON

June 10, 1937

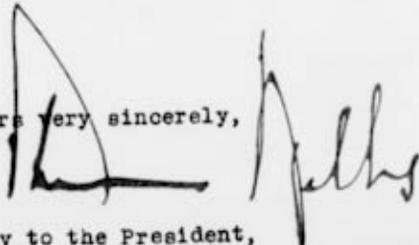
Dear Marvin:

In accordance with our conversation on the telephone of a few minutes ago, I am sending you a report that was made to me in the Department yesterday covering the matter of the leak concerning the nomination by the President of Hugh Wilson as Assistant Secretary of State.

Additional facts are being reported to me today and if they are of any significance, I shall send them to you tomorrow. The President may be interested in seeing the memorandum I am enclosing.

Believe me

Yours very sincerely,



The Honorable
Marvin H. McIntyre,
Assistant Secretary to the President,
The White House.

DEPARTMENT OF STATE

ASSISTANT SECRETARY
A-C

June 9, 1937.

~~STRICTLY CONFIDENTIAL~~

Dear Sumner:

I had not seen the article in the NEW YORK TIMES in regard to the appointment of Hugh Wilson as Assistant Secretary until your memorandum reached me. Inasmuch as the preparation of the papers for the signature of the Secretary when he arrives today was a task entrusted to me, I hardly need mention that I am both humiliated that this matter should have reached the newspapers at this time and indignant over the bad faith of someone. I therefore present with the utmost detail all of the steps of which I am aware that were taken in connection with this matter.

About eleven o'clock yesterday, Mr. McBride communicated to me orally that the Secretary desired me to prepare the nomination and the necessary accompanying letters to the President, Senator Pittman and the Senators from Illinois and have them ready for his signature when he arrives today. I called Mr. MacEachran and gave him orally the direction to have Mr. Sannebeck prepare the nomination and to have made from the Register the necessary copies of Mr. Wilson's service record telling him at the same time that the whole matter must be regarded by everyone as strictly confidential. Mr. MacEachran later in the day

delivered

delivered these documents to Miss de Lashmutt in a sealed envelope and she immediately delivered them to me. Mr. MacEachran entrusted the task of preparing the nomination to Mr. Sannebeck and Mr. Sannebeck in turn had Mr. Dunker prepare the nomination. He also had Mrs. Brue copy from the Register the service record of Mr. Wilson but without communicating to her the purpose of it. I have interviewed all four of the persons named. All of them state that they have had no conversation with any newspaper man on this subject and have shown no one any papers connected with it. Both Mr. Dunker and Mrs. Brue prepared the papers they were requested to prepare and handed them to Mr. Sannebeck who in turn gave them to Mr. MacEachran who carried them to my office personally in a sealed envelope.

In my own office two persons only have had knowledge of these papers and they are Miss de Lashmutt and Mrs. Gallop. I dictated to Mrs. Gallop the letters to accompany the nomination to the President and to the Senators. Only Mrs. Gallop saw those letters. Miss de Lashmutt had knowledge of the nomination having received it from Mr. MacEachran and handed it to me. Neither of these ladies had any contact with members of the press or had any conversation with anyone else in regard to these papers. After the letters were written and handed to me they were put into an envelope, kept on my desk and carried home with me last night and brought back to the Department this morning and the subject to which they related was not mentioned

mentioned to anyone by me during that period. I therefore have no hesitation in saying to you that such information as reached the press came from sources outside my office and outside the office of the Chief Clerk and the Appointment Section.

In justice to myself and those of my assistants whose names I have mentioned, I wish to point out that the information regarding Mr. Wilson's prospective nomination was published in the NEW YORK TIMES, in the WASHINGTON HERALD and in the WASHINGTON POST of this morning. There are one or two significant facts in connection with these articles. The brief United Press statement of Mr. Wilson's probable appointment in the WASHINGTON POST said, "An official said the Department soon will send the name of Welles' successor to the Senate for confirmation". This would indicate that some official of the Department communicated the information.

The article in the NEW YORK TIMES, which you say was written by Hulen, alludes to "exchanges of views with Mr. Wilson". None of the persons under my supervision whose names I have mentioned have any knowledge of any such exchanges. I myself received only the barest suggestion from you some days ago that you were having some correspondence with Mr. Wilson, the nature of which I have no knowledge. Furthermore, the data used by Hulen in regard to Mr. Wilson's record is not the same data which

I recited in the letters I dictated to the Senators and to the President. Therefore, it must have come from some other source, presumably from the Register of the Department.

On May 19, 1937 something was said in the Foreign Service Personnel Board meeting in regard to the appointment of two new members of the Board to succeed you and Judge Moore. Mr. Thomas Wilson commented upon what might happen "in the event the rumor that Mr. Hugh Wilson is appointed Assistant Secretary proves to be true". I think this statement may have led me to speak to you, as you will recall I did, in regard to certain facts in connection with Mr. Hugh Wilson's service in the Department. Mr. Thomas Wilson when he made the remark had no official information but had merely heard some rumor concerning the possible appointment of Mr. Hugh Wilson.

In the course of my investigation into this incident, it is proper that, in defense of myself and my staff, I should report the following which has come to me:

On Tuesday, June first, Miss Mitchell, Secretary to Judge Moore, stated to a member of the Department that Mr. Hugh Wilson had been offered the vacant Assistant Secretaryship.

Some days ago Miss Breen in Western European Division remarked to a member of the Department in the course of casual conversation that she understood that Mr. Wilson was coming in as Assistant Secretary.

-5-

All of these incidents occurred days or weeks ago and none of them subsequent to my knowledge of an intention to send Mr. Wilson's nomination to the President.

The foregoing is a recital of all the facts I have been able to gather and to the best of my knowledge is a true statement.

W.C. Clegg

A-C:WJC:VNG

THE WHITE HOUSE
WASHINGTON

June 22, 1937.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

FOR YOUR INFORMATION AND
TO SHOW THE SECRETARY IN YOUR
DISCRETION.

F. D. R.

Letter from Ambassador Biddle
in re Secretary Hull's candidacy
for the Nobel Prize.

State Dept.

June 22, 1937.

Letter to Pres. from Sumner Welles
Encloses copy of telegram from Bingham
in re-recent Chinese loan negotiations with
Great Britain conducted by Kung during visit
to London and in re-conversations had by
Sir Alexander Cadogan with the Japanese
Ambassador at London concerning China.

See--Great Britain-Drawer 2--1937

757
June 24, 1927

MEMORANDUM FOR THE UNDERSECRETARY OF STATE.

Dear Sumner:

The President requests me to advise that there is no objection to the publication, in Turkey, of the exchange of letters he has had with His Excellency, Kemal Ataturk, under dates of April 8, 1927 and June 8, 1927.

For your information, the President, in his letter of April 8, expressed his enthusiasm for the motion pictures he had seen of things accomplished in Turkey; expressed the hope that some day he will be able to meet the President of Turkey; and acknowledged, with thanks, a set of Turkish postage stamps he had received from President Ataturk.

President Ataturk, in his letter to President Roosevelt, dated June 8, emphasizes the hope that he and the President of the United States would meet some day; said he was thankful to President Roosevelt for his appreciation and understanding of the progress realized in modern Turkey; expressed his admiration for the United States of America and asserted he was impatiently looking forward to the day when he should have the great pleasure of receiving President Roosevelt in Turkey, etc.

The above is for your information and is given partly in order that you may advise the Turkish Ambassador that there is no objection to the publication of these two letters in Turkey.

STEPHEN EARLY
Assistant Secretary to the
President

*State
Dept*

DEPARTMENT OF STATE
WASHINGTON

June 23, 1937.

My dear Mr. President:

The Turkish Ambassador yesterday called upon the Chief of the Near Eastern Division and left with him a letter addressed to you by the President of Turkey, which I am transmitting herewith.

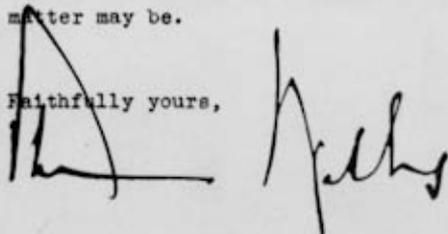
No copy of the contents of the letter was left by the Ambassador.

The Ambassador merely stated that the present communication was in reply to an earlier one received by the President of Turkey from you and added that his Government would be very appreciative if it could be informed that you had no objection to the publication in Turkey of both letters.

I shall appreciate it if you will let me know what your wishes in this matter may be.

Believe me

Faithfully yours,



The President,

The White House.



June 6, 1937.

My dear Mr. President:-

I received with genuine pleasure your kind letter of April 6, 1937, in which you tell me of your contentment with having seen the moving pictures recently taken in Turkey by Mr. Juian Bryan . You also express the hope that you and I will meet some day, as soon as circumstances will permit .

Believe me, dear Mr. President, that I am very thankful to you for your sincere feelings and your appreciative understanding of

His Excellency

Franklin D. Roosevelt

President of the United States of America

Washington D. C.

the progress realized in modern Turkey .

I avail myself of this opportunity to express once again my admiration for the United States of America, especially since our respective countries cherish the same ideal which is universal peace and welfare of humanity .

It is also my earnest desire to meet you soon, and so I am impatiently looking forward to the day when I shall have the great pleasure of welcoming in Turkey your charming and powerful personality which has accomplished so many great things .

With best regards and good wishes,

Yours sincerely,

K. Atatürk

State Dept

April 6, 1937.

My dear Mr. President:-

A few evenings ago I had at the White House an exhibition of the moving pictures which were recently taken in Turkey by Mr. Julian Bryan. I want to tell you of my enthusiasm in seeing the many wonderful things which you have accomplished in such a comparatively short space of time.

I was especially happy in seeing the pictures of your good self in your home and playing on the beach with your little daughter. It has made me hope all the more that some day you and I will have an opportunity of meeting.

In my rare moments of relaxation I see the set of Turkish postage stamps which you were good enough to send to me. Some day I hope to see the scenes depicted on them with my own eyes.

With kindest regards and best wishes,

Faithfully yours,

His Excellency
Kamal Ataturk,
President of the Republic of Turkey,
Ankara.

*file
State Dept*

June 25, 1937.

Memorandum of conversation Sumner Welles
had with Van Zeeland at the Belgium Embassy.

SEE--Belgium folder-(S) Drawer 2--1937

State Dept

FOREIGN TRADE OF THE UNITED STATES

Trade with Agreement and Non-Agreement Countries.

In the first six months of 1937, trade with agreement and non-agreement countries showed the following increases over the same period in 1936:

	<u>Exports Including Reexports</u>	<u>General Imports</u>	<u>Total Trade</u>
	-----P e r c e n t -----		
Trade Agreement Countries	41.0	34.0	37.2
Non-Agreement Countries	28.6	52.1	39.9
All Countries	33.0	44.6	38.8

It will be noted that exports to agreement countries increased more than exports to non-agreement countries but imports from non-agreement countries increased more than imports from agreement countries, reflecting the continued increases in imports of raw materials such as rubber, raw silk, and tin, supplied chiefly by non-agreement countries.

State Dept

July 6, 1937

**Memorandum of conversation between Sec. Hull
and the Italian Ambassador, Signor Fulvio De
Suvich.**

Subject--Trade Agreements Program

SEE--Italy folder--Drawer 2--1937

File State Dept.

Letter from Sumner Welles
To the President
July 7, 1937.

In re-Mr. Des Portes-Guatemala
Attached letter from Woodring--July 2, 1937 in re-
Japanese Activities in Mexico, Central America and
Panama.
Secret memorandum on resume of Japanese activities
in Panama and Central America.
Map attached

SEE--Japan folder-(S) Drawer 2--1937

file
personal

State Dept

Riga, July 12, 1937.

My dear Mr. President:

Please accept my very grateful thanks for appointing me as Minister to Yugoslavia. Your continued confidence in me, as implied by the appointment, enheartens me and will be a further incentive to me to give you the best service of which I am capable.

Although I shall regret leaving Riga where the problems are interesting, I have felt for some time that Germany has begun to relax its interest in this part of the world, notably in Memel. Last week I was in Danzig and was impressed by the difference between conditions there and in Memel. I had formerly visualized these two semi-autonomous entities as being more or less identical in character. I find now that they are as different as black and white. In Danzig, the Swastika flag was waving from every street, brown shirts were as much in evidence as in Berlin, and Hitler's photograph was everywhere. Danzig has been entirely Nazi-fied and is autonomous only in name. On the other hand, in Memel there is no outward evidence of Nazi activities. In fact, some of the perpetrators of the Nazi attempt at a coup in 1935 are still

languishing

The President,
The White House,
Washington.

- 2 -

languishing in jail, while Lithuanians are pouring into the Memel territory at the rate of two thousand a year and are exerting a great influence in Memel affairs. Being of the opinion that Germany is pushing southeast, I look forward to my new detail with the greatest interest.

With very respectful regards and deep appreciation, I am

Very faithfully yours,

Arthur S. Lane

DEPARTMENT OF STATE

THE SECRETARY

July 14, 1937.

Memorandum for Miss Le Hand.

Secretary Hull directed that the attached be sent to you for the President. References to Far East are marked in red pencil.

C. W. Gray.

*file.
confidential*

(NOT FOR THE PRESS)
(FOR DEPARTMENTAL USE ONLY)

Department of State
Division of Current Information No. 122

MEMORANDUM OF THE PRESS CONFERENCE, TUESDAY, JULY 13, 1937

At the press conference this afternoon, Secretary Hull said: Have you any questions this morning?

Q. Mr. Secretary, you indicated yesterday that you expected to have a joint statement with reference to the Brazilian conversations here. Can you indicate at this time when we may expect that?

A. We have been working on it a couple of days at odd times and it should be ready almost any time.

Q. Today possibly?

A. I haven't checked on it this morning, but I hope by tomorrow maybe. I don't want to be bound by a promise, but I hope by tomorrow.

Q. Mr. Secretary, have you received any word informally from either Japan or China as to the possibility of halting hostilities?

A. No, I have nothing from either Government today on it, on any phase of the matter.

Q. Mr. Secretary, there is a report out of Nanking that the Chinese Government has advised all Embassy people there they should get their nationals out of Peiping as the Chinese Government can no longer guarantee the safety of foreigners in Peiping.

A. We haven't anything on that subject.

Q. We have taken no action concerning it?

A. No.

Q. Is there any discussion of a possible change in the disposition of the American troops in China, Mr. Secretary?

A. No. You, of course, understand that by agreement among several nations a certain number of guards were stationed over there at three or four points for entirely local and more or less policing purposes. All of which is entirely

remote from any military activities by any country.

Q. Mr. Secretary, is there anything yet in the nature of consultation with Great Britain on that emergency?

A. Yesterday, after our conversations with the Ambassadors of China and Japan a communication was received from the British Government, but I would have to refer you to the British Government for details of that communication.

Q. Could you say anything about our reply and its nature?

A. I think there is no particular occasion for anything much more than an acknowledgment together with our published action here.

Q. Could you say, Mr. Secretary, if our general attitude is simply to exchange information with the British or others who are interested?

A. Of course, we pursue generally our original policy of dealing separately and independently with the chief phases of any foreign questions that come up.

Q. Is it correct to assume from what you have just said, Mr. Secretary, in the exchanges with Great Britain or the communication from her the question of the Nine-Power Treaty has not entered?

A. I am not undertaking to go into details. What I am trying to say is what our general policy is. Naturally, in dealing with some phases of ^{an} international question there is some flexibility to our policy where there are common conditions, common interests and common policies. They may be parallel with each other. There may be no occasion to withhold information even from you gentlemen much less other governments as to what is being said and done in those circumstances.

Q. Mr. Secretary, without pressing the point, may I ask, since Mr. Eden did make certain statements yesterday, may we assume the communication from the British Government did suggest the possibility of consultation?

A. I hesitate just a little to disclose for the British Government what it is at liberty to disclose itself. I did go far enough to say after we had the conference with the Ambassadors of China and Japan we received a communication from the British.

Q. Mr. Secretary, apart from that communication, can you say whether there has been any exchange of information either informal or indirect, purely occasional?

A. There is no occasion for any exchange of information really except what we gave out to you people on yesterday.

Q. Mr. Secretary, can you tell us of your conference yesterday with the Finance Minister of New Zealand who came with the British Ambassador? He told us he was hoping to lay the ground work so he could negotiate a reciprocal trade pact with the United States.

A. We had a very interesting conversation not unlike other conversations with statesmen and high officials from abroad which dealt with general economic situation with some special reference to trade conditions and trade relations of each of our countries with each other and with other countries. But we did not undertake to make any decision at this time.

Q. Mr. Secretary, the same gentleman just left the White House a few minutes ago with the British Ambassador and said he was coming back here for more conferences. To see you?

A. Yes. He and some of his associates are having conferences with different groups here in the Department on different subjects. As to whether he will have occasion to call on me further, I am not advised.

Q. In view of the fact the Chilean Under Secretary of Commerce called to pay his farewell call on the Under Secretary, do you feel in a position to comment at this time on the results you feel may have been accomplished with the Chileans here?

A. I will be glad to see whether there is anything new I can acquaint you with and let you know during the day.

Q. Can you tell us, Mr. Secretary, apart from that, whether it is possible for the United States to conclude a reciprocal trade arrangement with any country without insisting on unconditional-most-favored-nation clause relative to exchange?

A. That is a very technical problem. I would rather let Dr. Feis or some of our folks prompt me when I discuss that at much length. Naturally, the two fundamental ~~max~~ principles on which our program rests are equality of treatment in industrial and commercial relations and mutually profitable trade. We strive at all times to keep those two principles alive and make them our definite objective. Otherwise, there would be nothing left except bilateral trade with all its disastrous consequences that nations have experienced heretofore.

Howard Bucknell, Jr.

(NOT FOR THE PRESS)
(FOR DEPARTMENTAL USE ONLY)

5

Department of State
Division of Current Information No. 133

MEMORANDUM OF THE PRESS CONFERENCE, WEDNESDAY, JULY 14, 1937

At the press conference this afternoon, Secretary Hull said: I have nothing new in mind on the Far Eastern situation more than what I indicated as definitely as I could to you yesterday in different ways. Our tourists naturally are moving out of Peking. I think there is nothing else I have in mind that is really new to what I said to you yesterday.

Q. Mr. Secretary, may we expect any statement relative to the Brazilian conversations today?

A. I have been trying to get it ready. I am not sure whether I will have it ready today or not. Good friends come in and take up more of my time than I think they will each day and the result is I follow short each day of the things I think I will get completed. I am doing the best I can to get it ready today. It may be tomorrow.

Q. Can you tell us what aid the American consular officers are giving Americans there in their evacuation?

A. I don't know the details except any aid within their capacity. We have a general standing policy, as you know, among our representatives here about rendering any kind of aid to any American travelers circumstances might suggest either as a precautionary matter or otherwise, and we never know exactly just what they might be able to do to be helpful.

Q. I assume no special instructions have gone out?

A. No.

Q. I wonder if you could comment, Mr. Secretary, on the story from London this morning that Mr. Eden had conferred with the American Charge d'Affaires, Mr. Johnson, also the French Ambassador, Mr. Corbin, again with the idea of mutual action between Britain, the United States and France in bringing diplomatic pressure on Japan and China to minimize that sit-

uation out there.

A. I have nothing, as I said, especially new to what I indicated to you yesterday about our general attitude, our general activities and our general course.

Q. Is any progress being made, Mr. Secretary, on renewal of the trade agreement between Russia and the United States--the commercial agreement?

A. We haven't had any what you call regular reciprocity trade agreement like these others.

Q. No.

A. The question of extending for another year the special arrangement is pending, and I am not able to give you a final announcement on it yet.

Q. Conditions will justify extending it without resigning, will it not? As I understand it, it lapsed yesterday.

A. It would be a special arrangement which they would enter into in the form of an agreement which, however, is not of the same type as our regular reciprocity arrangements and doesn't come under that law, as a matter of fact.

Q. Mr. Secretary, in that regard can you say whether or not it will be ~~xxxxxx~~ somewhat along the lines of the present agreement?

A. If the agreement should be entered into again it will probably be so so far as the chief features are concerned, I think, Maybe some minor phases will be introduced into it that are additional.

Q. Do you have the figures, sir, to tell you whether or not Russia purchased a quota of \$30,000,000?

A. I think they purchased 36 or 37 million dollars, as I remember. I think you will find the facts confirm that set of figures.

Q. Mr. Secretary, does the fall of the Bolivian Government reported today call for any special consideration on the part of this Government as to our diplomatic relations with Brazil?

A. Not that I recall.

Q. I mean Bolivia.

A. Yes, Bolivia. I don't think that calls for new recognition or anything like that.

Q. Mr. Secretary, have you seen the report of Mr. Eden's statement in London this morning? He warned the Japanese and Chinese of the danger of a conflict in the Far East.

A. I have seen the newspaper headlines and despatches. I naturally don't undertake to comment on those matters of delicacy until I see exactly what the official text is. Otherwise, I might get into trouble myself and get others into trouble as well.

Q. In view of what you said about having nothing on the Far East, I assume you don't care to comment on Mr. Eden's statement?

A. I don't think I could undertake, as a matter of precaution, to comment on news despatches, no matter how reliable we might ordinarily consider them.

Q. The so-called Stimson doctrine contained in his note of January 7, 1932 to Japan and China, is that still a part of the foreign policy of the United States?

A. OFF THE RECORD, I don't like to take up questions that might by any possibility be injected into this situation before you reach any stage of that kind. We haven't departed so far from the fundamentals of that action.

Q. Mr. Secretary, to return for one more question regarding the Russian situation. Since Russia seems to have exceeded the quota of purchases both years, is there any likelihood that we will ask that the quota be made higher if a new agreement is signed?

A. We always avoid intimating it might be lower. We are constantly looking in the other direction.

Q. Mr. Secretary, I wanted to ask if you finished your talks with the Finance Minister of New Zealand, Mr. Nash,

and if so is there anything you can tell us about the conclusions or ideas brought out?

A. As I said the other day, no decisions were made. Our talk was mainly of ^{the} general economic situation and with some reference to economic conditions, present and prospective, of each of our countries, that includes commerce and all other phases, but we didn't undertake to discuss items or have such detailed discussion as might be part of some preliminary conversations.

Q. Can you say yet/ whether detailed talk will go on at a later date? He said sooner or later he thought a trade agreement would be concluded.

A. As I said, we are always looking forward to potential ^{arrangements} trade ~~agreements~~ or the possibility with every country in the world, not literally every country, but almost every country, but just now we are very much preoccupied with preliminary conferences with other countries and as to just how soon we may reach and conclude exploratory conferences with a given country among many--like Australia and New Zealand-- I wouldn't undertake to say, but we are always looking forward to such opportunities as may be offered in that respect. I think I told you, but if I didn't, that yesterday I had similar ~~xxx~~ conversations with just about the same developments and along the same lines that I had had the day before with both the Chinese and Japanese Ambassadors.

Howard Bucknell, Jr.

(NOT FOR THE PRESS)
(FOR DEPARTMENTAL USE ONLY)

Department of State
Division of Current Information No. 121

MEMORANDUM OF THE PRESS CONFERENCE, MONDAY, JULY 12, 1937

At the press conference this afternoon a correspondent observed that the White House has announced the appointment of Mr. MacMurray to the Joint Preparatory Committee on Philippine Affairs, and inquired if the Secretary had any comment to make as to the significance of this appointment. The Secretary replied in the negative and added that it is a question of securing the maximum of special service from Mr. MacMurray on the one hand and perhaps from Mr. Grady on the other. A correspondent inquired whether Dr. Grady was going with the Committee to the Philippines. The Secretary replied in the negative and added that Dr. Grady will be busy with very important phases of economic affairs here. The Secretary observed that this readjustment was agreeable to everybody concerned. A correspondent inquired if the appointment of a diplomat, such as Mr. MacMurray, to deal with these studies indicated any broadening of their scope since up to the present time they have been almost entirely of an economic character. The Secretary replied that Mr. MacMurray was appointed not only because he is a diplomat but also because of his special knowledge of the Pacific area. A correspondent inquired as to whether Assistant Secretary Sayre would also go to Manila. The Secretary replied that Mr. Sayre may be in Manila part of the time and added that he will be cooperating to the fullest, in the most intelligent and practical way possible.

PALESTINE

A correspondent inquired as to whether or not the Secretary is prepared at this time to make public the views of the State Department on the partition of Palestine. The Secretary replied that he had nothing further to say on that subject at this time. A correspondent inquired if the Secretary had any comment to make on Rabbi Wise's visit today. The Secretary replied that he could only say that he presumed the group had given out a statement to the press themselves. The correspondent stated that Rabbi Wise talked to the correspondents informally as he was leaving here and told them that he might put out a statement later. The Secretary repeated that he supposed the group would issue a statement. A correspondent asked if the group had requested the intercession of the American Government on behalf of the Jews in Poland. The Secretary replied in the affirmative.

FAR EAST

A correspondent stated that Foreign Secretary Eden had told the House of Commons today that the British Government was considering consultation with the United States regarding the Far Eastern situation, and inquired if the Department had received any indications to this effect. The Secretary replied in the negative. A correspondent pointed out that considerable fighting was at present going on in China between the Chinese and Japanese troops and inquired whether or not it would bring up the question of the application of the

neutrality act. The Secretary replied that this was a matter which would be considered as developments occur.

TRADE

A correspondent asked the Secretary whether he was following the course of the discussions which were taking place at present between the Sub-Secretary of Commerce of Chile and State Department officials. The Secretary replied that he was trying to keep informed on the different phases of the discussions going on and added that he would try to get something ready in connection with the Brazilian trade conversations sometime soon. He stated that there wasn't anything especially new as regards the visit of the Chilean Sub-Secretary of Commerce. A correspondent inquired if the Secretary was prepared to say whether there are grounds for hope for a modification or amelioration of the Chilean exchange control. The Secretary replied that he always endeavored to be neither unduly pessimistic or excessively optimistic on trade matters and added that he would continue to talk to any foreign officials who may visit us with the idea that in due time events may develop toward the promotion of international trade. A correspondent inquired whether or not that statement applied to Mr. Nash, the Finance Minister of New Zealand. The Secretary replied he will be conferring with Mr. Nash on economic subjects and that he hoped that Mr. Nash would talk with him on the same matters. He added, however, that the conversations will be general in character.

Howard Bucknell, Jr.

*File State
Dept*

July 14, 1937.

Letter from Sumner Welles to President
attaching cable from Embassy in London
to Sec. State.

Contains text of proposal of the British Gov.
for a solution of deadlock in the Non-Intervention
Committee.

SEE--Great Britain folder-(S) Drawer 2--1937

THE UNDER SECRETARY OF STATE
WASHINGTON

August 21, 1937

Personal

Dear Marvin:

I am enclosing herewith in accordance with our conversation of yesterday the memorandum prepared by the Office of Arms and Munitions Control of this Department covering the matter of the construction in the United States of material and armament for battleships to be assembled in Russia.

I think this memorandum will give you all of the information that you wish as to our attitude and as to what has happened in this case, but if there are any other points which you may want, call me up and I will see that additional information is sent to you.

Believe me

Yours very sincerely,

Enclosure.

The Honorable
Marvin H. McIntyre,
Secretary to the President,
The White House.

*file
Confidential*

DEPARTMENT OF STATE
OFFICE OF ARMS AND MUNITIONS CONTROL
MEMORANDUM

August 20, 1937

Several months ago the Carp Export and Import Corporation, acting as agent for the U.S.S.R., communicated with the Department in order to ascertain the attitude of this Government toward the purchase in this country of material, equipment and armament for one or more battleships to be assembled in the U.S.S.R. The Corporation made various tentative but unsuccessful proposals to several American companies with a view to entering into suitable contracts. Eventually its negotiations crystallized in an attempt to persuade the Bethlehem Shipbuilding Corporation, Limited, to enter into a contract to furnish the necessary designs, material, equipment and armament. The proposed transaction has been the subject of numerous conversations and several exchanges of letters between the Department and the Carp Export and Import Corporation and the Bethlehem Shipbuilding Corporation, Limited. From the beginning the Department has frequently consulted the Navy Department and has kept that Department fully informed of all developments. In conversations between officers of the Department and representatives of the two Corporations and in its letters, the Department has endeavored to make clear its position in respect to the proposed transaction. It has made

clear

clear that it is contrary to its practice to express approval of commercial transactions. It has been repeatedly stated, however, that on the basis of available information it would appear that the carrying out of such a contract as is proposed would not violate any existing statute or treaty. The attention of the two Corporations was invited to the pertinent laws and regulations printed in the attached pamphlet International Traffic in Arms and, in particular, to Section 5 (d) of the Joint Resolution of May 1, 1937, which is quoted on page 2, to Category II of the enumeration of arms, ammunition and implements of war contained in the President's Proclamation of May 1, 1937, which is set forth on page 5, and to regulation 26 which is set forth on page 18. It was pointed out that the material, equipment and armament which would be assembled for export under such a contract as that which was proposed would constitute to all intents and purposes a disassembled vessel of war, and that an export license would, therefore, be required to authorize its exportation. It was also pointed out that barring unforeseen changes in existing treaties or statutes, or unforeseen developments in the international situation, it would be the duty of the Secretary under the law to direct that the necessary export license be issued.

The

The attention of the interested companies was also invited to the provision of the Espionage Act of June 15, 1917, in regard to the revelation of military secrets of interest to the National Defense, which is quoted under Part 5 of the enclosed pamphlet. The Secretary, after consultation with the Navy Department, stated that he assumed that it would be possible for the Bethlehem Shipbuilding Corporation, Limited, or any other corporation with which the Carp Export and Import Corporation might enter into such a contract, to arrive at some agreement with the Navy Department which would adequately safeguard military secrets.

In dealing with questions relating to the international traffic in arms, the Department seldom expresses an objection on grounds of foreign policy to a proposed transaction which would not contravene the pertinent treaties and statutes. Objection is expressed only in exceptional circumstances and in the case of proposed transactions which would definitely and demonstrably interfere with the carrying out of its obligations in the conduct of our foreign relations. The original proposal for a contract between the Carp Export and Import Corporation and the Bethlehem Shipbuilding Corporation, Limited, contained two features to which the Secretary felt constrained to express objection.

objection. It was proposed that arrangements should be made whereby some of the material and armament should be inspected and tested by the United States Navy. The Secretary expressed objection to this feature of the proposed contract on the ground that such testing and inspection by an agency of this Government would constitute an infraction of our policy to refrain from the active promotion of the export trade in arms. It is understood that the provisions of the proposed contract relating to inspection and testing by the Navy Department have since been eliminated. The Secretary objected also to the proposal that 16-inch guns should be exported for installation on a battleship for any foreign power. This objection was made in view of the discussions which were being carried on with foreign powers in regard to the maximum caliber of guns to be installed on battleships and in view of the uncertainty as to the ultimate decisions of other powers, and as to the international agreements which might be reached in regard to this subject. The objection to the exportation of 16-inch guns has since been withdrawn.

In view of what has been stated above, it would appear that the difficulties which the Carp Export and Import Corporation has encountered in connection with this proposed transaction

transaction result not from the attitude of any Department of the Government but rather from the inability of the Corporation to persuade the Bethlehem Shipbuilding Corporation, Limited, to enter into such a contract as it desires to negotiate.

DEPARTMENT OF STATE

THE SECRETARY

September 10, 1937.

MEMORANDUM FOR THE PRESIDENT

Herewith a copy of my
statement to the press today on
the Far Eastern situation.

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(NOT FOR THE PRESS)
(FOR DEPARTMENTAL USE ONLY)

Department of State
Division of Current Information No. 165

MEMORANDUM OF THE PRESS CONFERENCE, FRIDAY, SEPT. 10, 1937

At the press conference this afternoon, Secretary Hull said: I have no special news from the Shanghai area out of the ordinary, I think. Our nationals are coming out at different points. We are not able to keep up with the numbers from day to day, on account of the difficulty of communication, for one reason. I think most of the wires are down at Shanghai.

Yesterday, I was asked some detailed and, to a certain extent, theoretical questions about our evacuation--about our policy towards our nationals in Shanghai. I said: "I tried to make as clear as possible the situation as it appeared from week to week and sometimes day to day in all of its essentials." You will pardon me for reading my answer over again. "When disturbed conditions arise in a country where another country has nationals, the question of the responsibility of that country toward its nationals in the disturbed area is one question that presents itself to the government. When conditions became more or less turbulent in certain areas of China, this Government had a fair conception of what its responsibility was toward its nationals in connection with furnishing protection against unorganized mobs or uncontrolled groups of disorder and also in furnishing them facilities for evacuation. That responsibility was very clear. The Government is going forward with entire unanimity from the beginning in the performance of that responsibility. There is no misunderstanding by anybody anywhere and that is the only question that is presented." Then I closed that statement with this: "As I said awhile ago, the Government's responsibility with regard to its nationals in time of danger extends during the period of

that time of danger and whatever may be future normal policies in any of these respects is another matter and need not be injected into this temporary situation."

Speaking OFF THE RECORD for one sentence: This is what is going on and it is all that is going on, and of course it is possible to take up many questions based on suppositions of future conditions as our nationals go out and the danger ends or as the war ends and the danger ends. We cannot discuss suppositions that way, of course, but the only point I sought was just to get down to the actualities of what is going on during this temporary, abnormal situation, and that we are all working with unanimity from the beginning, that we are not looking forward undertaking to answer questions about conditions we don't know anything about now or questions that may not be applicable when the time comes. I am just trying to make this clearer because I don't think I made it quite clear yesterday. I am trying to make it clear by re-reading it without adding anything to it or taking anything from it. Have you any questions this morning?

Q. Mr. Secretary, Tokyo despatches state that the Japanese Government informed the United States, Britain and France she will not be responsible for any damages to foreign-owned property or loss of life or injuries to foreign nationals in Shanghai, that there will be no need for damage claims being instituted or any claims for indemnities. I wondered if you could confirm that, sir.

A. This Government, as you know, made its reservations in this respect to each of the Governments of Japan and China. When the developments have reached a sufficient state, I will be glad then to take up with you the matter of publicity of what is going on.

Q. Could you say, Mr. Secretary, in that connection whether this information has come to the Department as yet?

A. As I say, if I commence discussing it piecemeal, we

don't get very far. I am just trying to let the matter become clarified at both ends of the line and develop to a practical stage, then I can give you gentlemen something that would be more intelligible, I think, and more desirable.

Q. Mr. Secretary, have you any reports of the outbreak of cholera in Shanghai that you could give us?

A. No, we have nothing. Nothing except what is on the ticker.

Q. Mr. Secretary, a few days ago you told us you had discussed with Mr. Kennedy of the Maritime Commission safety of merchant ships in the Mediterranean. At that time was the steamship Wichita mentioned?

A. I have nothing new on that subject.

Q. Are there any new developments today, Mr. Secretary, regarding the Mediterranean situation so far as we are concerned?

A. Not to my knowledge.

Q. Mr. Secretary, is our Consul at Geneva sitting in as an observer at today's session of the council?

A. Not to my knowledge.

Q. Can you say anything, Mr. Secretary, on your talk with Mr. Phillips, whether he brought you information that would be helpful in regard to the situation or suggestions?

A. I don't know anything I can comment on, frankly.

Mr. Phillips, as you know, is one of the ablest and most experienced men among our associates and he always talks interestingly, but I haven't anything particular to refer to.

Q. Do you know when he expects to see the President?

A. I do not.

M. J. McDermott

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file

file

DEPARTMENT OF STATE
WASHINGTON

October 11, 1937

from
Sumner Welles

My dear Mr. President:

In accordance with the request you made of me by telephone on Friday that I submit to you the names of appointees to diplomatic missions of the Harding, Coolidge, and Hoover Administrations who might be considered for appointment by you as Vice Chairman of the New York Exposition, I attach herewith complete lists of all of the appointees to diplomatic missions made during those three administrations with the exception of appointees of Foreign Service origin.

My examination of these lists has not been productive of very encouraging results. The only names on these lists which would seem to me worthy of your consideration for the appointment mentioned other than John Dyneley Prince whom you mentioned and who I should think would now be too old for the work involved, are Roy T. Davis of Missouri, Edward F. Feely of the District of Columbia, and William S. Culbertson of Kansas.

The President,

The White House.

Mr. Davis is a man of pleasant personality and of considerable ability who would be entirely suitable for the work involved, but in view of his appointment last year as the President of a women's college in Maryland I doubt if he could accept any outside work. His attitude towards the Administration so far as I know has been exceedingly cooperative.

Mr. Culbertson, as you may know, has been exceedingly helpful to the Secretary of State with regard to our trade agreement policy. However, he is an active member of a law firm in Washington and it would seem to me unlikely that he would care to accept the position you have in mind.

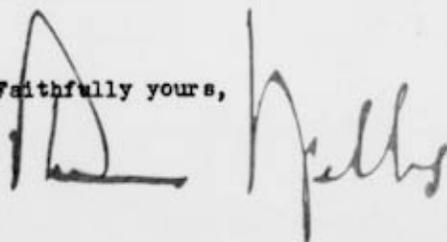
Mr. Feely has been very anxious to obtain some kind of position under your Administration and so far as I know has not taken part in political activities. However, his very close association with Mr. Hoover (he was originally one of Mr. Hoover's favorite commercial attachés and was appointed Minister by Mr. Hoover from that service) would probably make him undesirable as an appointee.

If there are no other names on this list that appear to you worthy of consideration, may I suggest the name of Ulysses Grant-Smith of Pennsylvania, a

former Foreign Service officer who retired as Minister to Uruguay in 1929. It is my understanding that all of Grant-Smith's connections are with the Republican Party and his name occurred to me for the position you have in mind because of the fact that he acted in exactly that capacity during two years for the Chicago Exposition. He has been openly a supporter of the foreign policy of this Administration and so far as I am aware has taken no part in political activities other than a letter which was published in the press opposing the Administration's program for reform of the judiciary.

Believe me

Faithfully yours,



Enclosures:
Three lists.

HOOVER ADMINISTRATION

Ambassadors and Ministers not formerly career officers

<u>Appointee</u>	<u>Leg. Res.</u>	<u>Rank and Post</u>	<u>Date of appt.</u>
Charles G. Dawes	Ill.	Ambassador, Great Britain	Apr. 16, 1929
Gerrit John Diekema	Mich.	Minister, The Netherlands	Sep. 11, 1929
Harry F. Guggenheim	N.Y.	Ambassador, Cuba	Oct. 10, 1929
Charles C. Hart	D.C.	Minister, Iran	Nov. 12, 1929
Walter E. Edge	N.J.	Ambassador, France	Nov. 21, 1929
William R. Castle, Jr.	D.C.	Ambassador, Japan	Dec. 11, 1929
✓ Roy T. Davis	Mo.	Minister, Panama	Dec. 16, 1929
John Glover South	Ky.	Minister, Portugal	Dec. 16, 1929
Frederic M. Sackett	Ky.	Ambassador, Germany	Jan. 9, 1930
Ralph Harman Booth	Mich.	Minister, Denmark	Jan. 22, 1930
John Motley Morehead	N.Y.	Minister, Sweden	Jan. 22, 1930
Henry Wharton Shoemaker	Pa.	Minister, Bulgaria	Jan. 22, 1930
Gilchrist Baker Stockton	Fla.	Minister, Austria	Jan. 22, 1930
Abraham C. Ratschesky	Mass.	Minister, Czechoslovakia	Jan. 25, 1930
Edward E. Brodie	Ore.	Minister, Finland	Jan. 31, 1930
Herman Bernstein	N.Y.	Minister, Albania	Feb. 17, 1930
John N. Willys	Ohio	Ambassador, Poland	Mar. 8, 1930
✓ Edward F. Feely	D.C.	Minister, Bolivia	June 4, 1930
David E. Kaufman	Pa.	Minister, Siam	June 12, 1930
W. Cameron Forbes	Mass.	Ambassador, Japan	June 17, 1930
Hanford MacNider	Iowa	Minister, Canada	June 20, 1930
William M. Jardine	Kans.	Minister, Egypt	July 21, 1930
Charles E. Mitchell	W.Va.	Min. Res. and Consul General, Liberia	Sep. 10, 1930
Nicholas Roosevelt	N.Y.	Minister, Hungary	Sep. 29, 1930

(Hoover administration continued - non-career)

J. Reuben Clark, Jr.	Utah	Ambassador, Mexico	Oct. 3, 1930
Charles E. Mitchell	W.Va.	Minister, Liberia	Jan. 20, 1931
Laurits S. Swenson	Minn.	Minister, The Netherlands	Feb. 28, 1931
Alexander K. Sloan	Pa.	Charge d'Affaires, Iraq	Mar. 30, 1931
Frederick W. B. Coleman	Minn.	Minister, Denmark	Sep. 23, 1931
Andrew W. Mellon	Pa.	Ambassador, Great Britain	Feb. 5, 1932
Charles Hitchcock Sherrill	N.Y.	Ambassador, Turkey	Mar. 17, 1932

COOLIDGE ADMINISTRATION
Ambassadors and Ministers Formerly
non-career officers

<u>Name</u>	<u>Leg. Res.</u>	<u>Post & Rank</u>	<u>Date</u>
Kellogg, Frank B.	Minn.	Ambassador-Great Britain	12-11-23
Warren, Charles Beecher	Mich.	Ambassador-Mexico	2-29-24
Pearson, Alfred J.	Iowa	Minister-Poland	4--2-24
Sheffield, James Rockwell	N.Y.	Ambassador-Mexico	9--9-24
Baneroft, Edgar A.	Ill.	Ambassador-Japan	9-23-24
Houghton, Alanson B.	N.Y.	Ambassador-Great Britain	2-24-25
Schurman, Jacob Gould	N.Y.	Ambassador-Germany	3-17-25
Kreeck, George L.	Kans.	Minister-Paraguay	3-18-25
✓ Culbertson, William S.	Kans.	Minister-Rumania	4-28-25
Hart, Charles C.	D.C.	Minister-Albania	5-27-25
Pearson, Alfred J.	Iowa	Minister-Finland	6-23-25
Stetson, Jr., John B.	Pa.	Minister-Poland	7--3-25
MacVeagh, Charles	N.H.	Ambassador-Japan	9-24-25
Hammond, Ogden H.	N.J.	Ambassador-Spain	12-21-25
✓ Prince, John Dyneley	N.J.	Minister-Yugoslavia	2-23-26
Mackenzie, Harold Orville	N.J.	Minister-Siam	3--3-27
Francis, William T.	Minn.	Min. Res. & Con. Gen., Liberia	7--9-27
Morrow, Dwight W.	N.J.	Ambassador-Mexico	9-21-27
Judah, Noble Brandon	Ill.	Ambassador-Cuba	11-22-27
Kaufman, David E.	Pa.	Minister-Bolivia	3--7-28
Moore, Alexander P.	Pa.	Ambassador-Peru	3-29-28
Culbertson, William S.	Kans.	Ambassador-Chile	6-19-28

HARDING ADMINISTRATION

Ambassadors and Ministers not formerly career officers.

<u>Appointee</u>	<u>Leg. Res.</u>	<u>Rank and Post</u>	<u>Date</u>
Myron T. Herrick	Ohio	Ambassador, France	Apr. 16, 1921
George Harvey	N. J.	Ambassador, Great Britain	Apr. 16, 1921
Richard Washburn Child	Mass.	Ambassador, Italy	May 26, 1921
Jacob Gould Schurman	N. Y.	Minister, China	June 2, 1921
Cyrus E. Woods	Pa.	Ambassador, Spain	June 24, 1921
William Miller Collier	N. Y.	Ambassador, Chile	June 29, 1921
Charles Beecher Warren	Mich.	Ambassador, Japan	June 29, 1921
John Dyneley Prince	N. J.	Minister, Denmark	Sep. 24, 1921
J. Morton Howell	Ohio	Agent & Consul General to Egypt	Oct. 7, 1921
Charles L. Kagey	Kansas	Minister, Finland	Oct. 8, 1921
John Glover South	Ky.	Minister, Panama	Oct. 8, 1921
Edward E. Brodie	Ore.	Minister, Siam	Oct. 8, 1921
Willis C. Cook	S. Dak.	Minister, Venezuela	Oct. 8, 1921
Jesse S. Cottrell	Tenn.	Minister, Bolivia	Oct. 19, 1921
Franklin E. Morales	N. J.	Minister, Honduras	Oct. 24, 1921
Solomon Porter Hood	N. J.	Min. Res. and Consul General, Liberia	Oct. 26, 1921
Joseph Saul Kornfeld	Ohio	Minister, Iran	Nov. 9, 1921
Ellis Loring Dresel	Mass.	Chargé d'Affaires, Germany	Nov. 14, 1921
John W. Riddle	Conn.	Ambassador, Argentina	Nov. 18, 1921
Arthur Hugh Frazier	Pa.	Chargé d'Affaires pro tempore to Austria	Nov. 24, 1921
William J. O'Toole	W. Va.	Minister, Paraguay	Jan. 18, 1922

(Continuation of Harding's Administration, non-career)

Alanson B. Houghton	N.Y.	Ambassabor, Germany	Feb. 10, 1922
Joseph M. Denning	Ohio	Agent & Consul General, Morocco	Feb. 10, 1922
Albert Henry Washburn	Mass.	Minister, Austria	Feb. 10, 1922
Theodore Brentano	Ill.	Minister, Hungary	Feb. 10, 1922
Geyrhard A. Bading	Wis.	Minister, Ecuador	Mar. 9, 1922
Samuel H. Piles	Wash.	Minister, Columbia	Mar. 22, 1922
Arthur H. Geissler	Okla.	Minister, Guatemala	May 24, 1922
J. Morton Howell	Ohio	Minister, Egypt	June 21, 1922
Frederick W.B. Coleman	Minn.	Minister, Latvia, Estonia & Lithuania	Sep. 20, 1922
Enoch H. Crowder (Maj.Gen.)	U.S. Army	Ambassador, Cuba	Feb. 10, 1923
Miles Poindexter	Wash.	Ambassador, Peru	Feb. 19, 1923
Cyrus E. Woods	Pa.	Ambassador, Japan	Mar. 3, 1923
Alexander P. Moore	Pa.	Ambassador, Spain	Mar. 3, 1923
Richard M. Tobin	Calif.	Minister, Netherlands	Mar. 5, 1923
John E. Ramer	Colo.	Minister, Nicaragua	Oct. 6, 1921
Laurits S. Swenson	Minn.	Minister, Norway	Oct. 6, 1921

DEPARTMENT OF STATE
WASHINGTON

October 19, 1937.

My dear Mr. President:

I am enclosing a copy of a despatch dated October 11, from our Minister in Ciudad Trujillo. I feel that the facts related in this despatch should be known to you.

The President of Haiti has behaved with an extraordinary measure of prudence. He has succeeded in obtaining from the President of the Dominican Republic an agreement to have a joint investigation made by agents of the two Governments and has apparently obtained commitments that compensation will be paid by the Dominican Government to the families of the victims.

Under the conditions which now obtain in the Dominican Republic, it seems to me that it would be wiser for us to postpone any discussion with the Dominican Government of plans for encouraging Puerto Rican immigration to the Dominican Republic.

Believe me

Faithfully yours,

The President,
The White House.

*Legation of the United
States of America*

Ciudad Trujillo, Santo Domingo, D. R.,

October 11, 1937.

No. 16

Subject: Slaughter of Haitians on Northwest Frontier.

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

I have the honor to confirm my telegram No. 30 of October 11 - 9 a.m., reporting that approximately one thousand Haitian residents on the northwest frontier of the Dominican Republic had been killed by the Dominican National Police and Army.

As was indicated in my telegram No. 29 of October 9 - 9 a.m. and my despatch No. 13 of the same date, Major Norris, the Auditor of the Receivership General of Dominican Customs, in the course of an inspection trip to Monte Cristi and Dajabón last Saturday and Sunday was able thoroughly to investigate the extent of
the

the border incident first reported in my telegram No. 27 of October 7. Major Norris' investigation was made particularly effective owing to the fact that he had resided in the territory where the assassinations took place and has friends in Dajabón and Monte Cristi who were in a position to give him reliable reports.

Major Norris informed me upon his return to Ciudad Trujillo yesterday evening that the usual bad blood on the border between Haitians and Dominicans had become aggravated to the point that, apparently with the approval of President Trujillo, a systematic campaign of extermination was directed against all Haitian residents in an area from some thirty kilometers south of Dajabón north to Monte Cristi. The drive was conducted with ruthless efficiency by the National Police and Army.

The technique used is of special importance in that it was designed to give the Dominican Government an opportunity to disclaim all responsibility for the killings. Following a house to house canvass of Haitians resident in the area between Dajabón and the sea, all who had not previously fled across the border were rounded up and cited for deportation proceedings. Their cedulas and passports were examined and they were passed through the immigration control offices at Dajabón and Monte Cristi which in turn reported to the Fiscal of the district at Monte Cristi that the persons so indicated had been deported to Haiti. The Haitians were then quietly murdered by the Dominican troops.

On three successive nights groups of Haitian men, women and children were herded to the end of the customs wharf at Monte Cristi and there despatched by the soldiers. They were clubbed over the head and thrown into the sea where the sharks completed the task by destroying the evidence. This slaughter on the dock was corroborated by the eye-witness reports of a watchman in the service of the Receivership who personally related to Major Norris what he had seen. Other bands of Haitian "deportees" were taken under guard down to the sea, ostensibly to embark on ships for Haiti. However, as Major Norris trenchantly remarked, "There were no ships". These persons were knocked on the head and run through by bayonets and knives.

Other groups of Haitian victims were seen being conducted under armed guard to the fortress at Monte Cristi. They did not emerge nor were the rations for the fortress increased. Without exception, according to Major Norris, they were shot and buried at night behind the fortress.

Similar scenes of horror were enacted at Dajabón. There the Haitian "deportees", after having gone through the grim farce of being checked through the immigration office, were marched in groups to the jungle where soldiers despatched them.

As a result of this campaign, the entire northwest frontier on the Dajabón side is absolutely devoid of Haitians. Those not slain either fled across the frontier or are still in hiding in the bush.

Following diplomatic representations made by President

dent Vincent and the return to Ciudad Trujillo of the Dominican Minister to Port-au-Prince for consultation, President Trujillo on Friday evening ordered the killings stopped. The commandant of troops in the north proceeded from Santiago to Monte Cristi and personally placed this order into effect. The region is now quiet. The very fact that the campaign of murder was halted instantly in accordance with the President's wish clearly implies a degree of governmental responsibility for what has happened.

In analyzing the possible causes of this episode, it seems difficult to believe that whatsoever motive could have justified so terrible an effect. Major Morris was informed on the frontier that the massacre of Haitians was a final outburst following a long period during which relations had been increasingly strained owing to the depredations of Haitian border bandits. In particular, for some time past Haitian cattle rustlers have raided Dominican territory seizing entire herds and driving them westward across the frontier. Haitian officials have given but half hearted attention to these depredations and even when stolen cattle were apprehended by the Haitian police it cost the Dominican owners more than the cattle were worth to recover them. According to opinion at Dajabón, the increased boldness and audacity of the Haitian cattle rustlers at last wore out the patience of President Trujillo who apparently decided once and for all to end such theft by a campaign of terror.

In Monte Cristi Major Morris reported the opinion
that

that possibly the President's decision to exterminate Haitian residents was due to his impatience with the Haitian Government in not acceding to his request for the extradition of certain Dominican political exiles. It was said in Monte Cristi that the President had, some time ago, requested the Haitian Government to hand over the Dominican exile, Dr. Jiménez Grullon, who is now conducting his campaign against President Trujillo from Santiago de Cuba (see Legation's despatch No. 3951 of July 24, 1937), and was incensed by the refusal of Haiti to grant extradition.

If other and more basic political motives existed for the crime they have not yet become apparent. Certainly in view of President Trujillo's avowed cardinal policy of amity with Haiti, the assassination of more than one thousand innocent people for the sole reason they were Haitian would seem either a throwback to savagery or an abrupt and inexplicable shift in policy.

I have the feeling that the President in ordering the cessation of this organized murder and in continuing the press ban on the subject has indicated his desire to regard the incident as closed. Whether it can be kept closed, of course, will depend upon the internal political position of President Vincent and whether his Government will press for reparation. At all events another grim chapter has been written in the bloody history of Dominican and Haitian relationships.

Respectfully yours,

R. Henry Norweb

Copy sent to Legation,
Port-au-Prince,
SCC
RMS/c/wlg

with

7.
published in
Foreign Relations
of the US -1937

VOL. IV PAGES 85-86
the Far East

These are notes dictated by FDR during a conversation w/ Norman H. Davis at Hyde Park on or about Oct 19, 1937. In the Davis Papers at the LC, these notes are specifically identified by Davis and are attached to his memo of the conversation. These notes were to guide Davis in his negotiations at the Nine Power Conference in Brussels.

Thomas C. Linn

12-14-62

[Cabinet 1937.7]

PF. STACE B.M.
"W. W. Brown" B.M.

It should be recognized by the British Cabinet that there is such a thing as public opinion in the United States, as well as in other nations.

That it is necessary for Mr. Davis and for his associates in the High Power meeting to make it clear at every step:

(a) That the United States is in no way, and will not be in any way, a part to joining action with the League of Nations.

(b) That the United States policy does not envisage the United States being pushed out in front as the leader in, or suggestor of, future action.

(c) That on the other side of the picture, the United States cannot afford to be made, in popular opinion at home, a fall to the British kite, as has been charged and is now being charged by the Hearst press and others.

The point to be made clear is that the United States proposes in general as the basis of discussion, the same policy which has proved so successful among the twenty-one American Republics -- no one nation going out to take the lead -- no one nation, therefore, in a position to have a finger of fear or scorn pointed at it. The South American agreements were based on equality of the United States with the smallest and weakest Republics, and future action in affairs involving the American hemisphere was agreed to simultaneously and jointly by all the American Republics.

In the present Far Eastern situation it is visualized that whatever proposals are advanced at Brussels and whatever action comes out of Brussels, the proposals and the action should represent, first, the substantial unanimous opinion of the nations meeting at Brussels, and later the substantial unanimous opinion of the overwhelming majority of all nations, whether in or out of the League of Nations.

It is especially important that the British Government understand this point of view.

We naturally, because we have got a decent community of interest in the preservation of peace in the Far East and adherence to law, want to cooperate wholeheartedly with the British, but it must be an independent cooperation, neither one trying to force the other into something. This means that final resulting action can perfectly well be identical, though not necessarily joint.

15
P.F.
Hearst
a power
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1937
Hearst
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- (b) That the United States policy does not envisage the United States being pushed out in front as the leader in, or suggestor of, future action.
- (c) That on the other side of the picture, the United States cannot afford to be made, in popular opinion at home, a tail to the British kite, as has been charged and is now being charged by the Hearst press and others.

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PSF: State

DEPARTMENT OF STATE
WASHINGTON

October 26, 1937

My dear Mr. President:

With reference to our conversation of last Saturday, I submit herewith for your consideration a draft of a proposal which you may wish to make to other governments covering the suggestion we had previously discussed.

I recommend that you adhere to your original idea and invite all of the diplomatic representatives accredited to Washington to meet with you in the East Room of the White House on the afternoon of Armistice Day, that you then read to them a message along the lines suggested in the draft herewith attached, and that the text of this message be simultaneously communicated by us by telegraph to each one of our Ambassadors and Ministers abroad for immediate transmission to the Chief of State to which he is accredited. It seems to me that Armistice Day is a singularly appropriate

The President,

The White House.

day for you to make announcement of this proposal should you determine to proffer it.

Furthermore, by the time November 11 is reached, the Brussels Conference will have been in session for at least eight days. A proposal of the character suggested will, I think, definitely strengthen the hands of the powers that are seeking to avert world anarchy. We have, of course, discussed the idea with no other government, but I do not see how any other government could refuse to approve the proposal except perhaps Italy and Japan, and I doubt if the former under present conditions would wish to place herself in such a position. The reference in the suggested draft to the probable need for readjustment of the settlements arrived at after the conclusion of the World War would, I think, almost inevitably create a favorable reaction on the part of Germany.

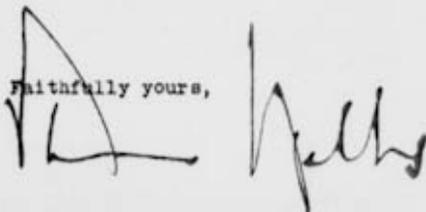
From the standpoint of public opinion at home, I would think that your making this proposal four days before the opening of the Special Session of the Congress would put a very definite quietus upon those individuals who have been deliberately attempting to misinterpret your Chicago speech.

The Secretary of State has gone over the draft and

has asked me to let you know that he considers it
"entirely sound".

Believe me

Faithfully yours,

A handwritten signature in cursive script, appearing to read "A. Kelly". The signature is written in dark ink and is positioned to the right of the typed phrase "Faithfully yours,".

Enclosure:
Draft.

DRAFT

At the end of the Great War the common feeling of all peoples was that they had a right to lasting peace. Countless men and women in all portions of the earth trusted that with the ending of that catastrophe there might be brought into being a new epoch of lasting peace between nations. They have seen that ideal year by year grow more remote. New generations have reached adult age since that time and find themselves in a world surcharged with anxiety, where governments are frantically rearming, where whole peoples live in constant fear, and where physical and economic security for the individual are lacking.

Those standards of conduct between nations which were gradually and painfully evolved over a period of many centuries, and upon which modern civilization is in great part founded, would seem to be obsolescent. Moreover, due to recent scientific discoveries modern warfare has assumed an aspect more cruel than ever

before, and in the employment of these new inventions war is waged in such fashion as frequently to involve the destruction of undefended and civilian populations-- the slaughter of women and children--of the aged and the helpless--in utter contravention of those rules of warfare which earlier international instruments had laid down.

I have felt warranted in addressing to you this communication because of my considered belief that unless the nations of the earth strive by concerted effort to come rapidly to a renewed agreement upon those fundamental principles which the experience of the past, and the best judgment of present times, demonstrate as being wise and salutary in the governing of relations between states, world peace cannot be maintained. Furthermore, should war once more break out, notwithstanding all efforts to avert it, and no binding international accord be had prior thereto as to rules and measures which may mitigate its horrors and especially to civilian populations, no man can say that another great war would not destroy all that was salvaged from the last.

For that reason I lay before you for your consideration the suggestion that all governments at an early date strive to reach an unanimous agreement upon the following matters:

One. The essential and fundamental principles which should be observed in international relations.

Two. The methods through which all peoples may obtain the right to have access upon equal and effective terms to raw materials and other elements necessary for their economic life.

Three. The methods by which international agreements may be pacifically revised.

Four. In the unhappy event of war, the rights and obligations of neutrals both on land and at sea, except in so far as in the case of certain nations they may be determined by existing international agreements; and the laws and customs of warfare whose observance neutrals may be entitled to require.

Should it be found, as I hope it may, that the other governments of the world are favorably disposed to

this suggestion, and should they so desire, the Government of the United States will be prepared to request a number of other governments to join it immediately in the formulation of tentative proposals in elaboration of the points above enumerated for subsequent submission to all nations for such disposal as they may in their wisdom determine.

I recognize that however essential it may be for the nations of the earth to reach a joint accord as to these norms of international conduct, such agreement alone may not necessarily secure the maintenance of peace. It is possible that before the foundations of a lasting peace can be secured, international adjustments of various kinds must be found in order to remove those inequities which exist by reason of the nature of certain of the settlements reached at the termination of the Great War. The traditional policy of freedom from political involvement which the Government of the United States has maintained and will maintain is well known. In the determination of political adjustments the Government of the

United States can play no part. But it has seemed to me that every kind of adjustment, if undertaken, might perhaps be more readily arrived at if all nations come to a common agreement as to the principles upon which healthy international relationships should be based.

Today in the greater part of the world, governments and peoples commemorate the armistice which terminated the Great War. I have deemed it singularly fitting on this anniversary to proffer this suggestion to the other governments of the world, and should it be found acceptable, to pledge the cooperation of the Government of the United States in seeking the attainment of the objectives sought. The quest of peace under law and equity is imposed by the deepest instincts of humanity; it can have no end save in success.

Western Hemisphere

United States of America

/

Two other American republics

2

Europe

Norway

/

Sweden

1.

Denmark

Holland

/

Belgium

Germany

✓ British Empire

✓ France

Hungary

Yugoslavia

/

✓ U. S. S. R.

Near East

Turkey

/

DRAFT

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Those standards of conduct between nations which were gradually and painfully evolved over a period of many centuries, and upon which modern civilization is in great part founded, would seem to be obsolescent. Moreover, due to recent scientific discoveries modern warfare has assumed an aspect more cruel than ever

before, and in the employment of these new inventions war is waged in such fashion as frequently to involve the destruction of undefended and civilian populations--the slaughter of women and children--of the aged and the helpless--in utter contravention of those rules of warfare which earlier international instruments had laid down.

I have felt warranted in addressing to you this communication because of my considered belief that unless the nations of the earth strive by concerted effort to come rapidly to a renewed agreement upon those fundamental principles which the experience of the past, and the best judgment of present times, demonstrate as being wise and salutary in the governing of relations between states, world peace cannot be maintained. Furthermore, should war once more break out, notwithstanding all efforts to avert it, and no binding international accord be had prior thereto as to rules and measures which may mitigate its horrors and especially to civilian populations, no man can say that another great war would not destroy all that was salvaged from the last.

Every man and woman in the world today suffers, directly or indirectly, from the crushing burden of ever-increasing armaments. An agreement upon the limitation and the reduction of armaments is the imperative obligation of all governments, so that the revenues now being expended for the destruction of human life may be diverted into channels where they can be employed to raise standards of living, and to enhance human happiness. This immediate and pressing problem can, I believe, more readily be solved if the nations agree upon practical foundations for peace.

For these reasons I lay before you for your consideration the suggestion that all governments at an early date strive to reach an unanimous agreement upon the following matters:

One. The essential and fundamental principles which should be observed in international relations.

Two. The methods through which all peoples may obtain the right to have access upon equal and effective terms to raw materials and other elements neces-

sary for their economic life.

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Should it be found, as I hope it may, that the other governments of the world are favorably disposed to this suggestion, and should they so desire, the Government of the United States will be prepared to request a number of other governments to join it immediately in the formulation of tentative proposals in elaboration of the points above enumerated for subsequent submission to all nations for such disposal as they may in their wisdom determine.

I do not propose the holding of any conference. I do suggest, should this recommendation be found acceptable, that the individual delegates of a designated number of nations, meeting in whatever capital they may find

most convenient, employ their best efforts to reach a common agreement as to the means of determining the questions above set forth, and that the results of their findings be submitted at the earliest possible date to all other nations for such action as they may be disposed to take.

I recognize that however essential it may be for the nations of the earth to reach a joint accord as to these norms of international conduct, such agreement alone may not necessarily secure the maintenance of peace. It is possible that before the foundations of a lasting peace can be secured, international adjustments of various kinds must be found in order to remove those inequities which exist by reason of the nature of certain of the settlements reached at the termination of the Great War. The traditional policy of freedom from political involvement which the Government of the United States has maintained and will maintain is well known. In the determination of political adjustments the Government of the United States can play no part. But it has seemed to me

that every kind of adjustment, if undertaken, might perhaps be more readily arrived at if all nations come to a common agreement as to the principles upon which healthy international relationships should be based.

Today in the greater part of the world, governments and peoples commemorate the armistice which terminated the Great War. I have deemed it singularly fitting on this anniversary to proffer this suggestion to the other governments of the world, and should it be found acceptable, to pledge the cooperation of the Government of the United States in seeking the attainment of the objectives sought. The quest of peace under law and equity is imposed by the deepest instincts of humanity; it can have no end save in success.

State Dept.
[Oct 26, 1937]

DRAFT

[Summer Welles]

At the end of the Great War the common feeling of all peoples was that they had a right to lasting peace. Countless men and women in all portions of the earth trusted that with the ending of that catastrophe there might be brought into being a new epoch of lasting peace between nations. They have seen that ideal year by year grow more remote. New generations have reached adult age since that time and find themselves in a world surcharged with anxiety, where governments are frantically rearming, where whole peoples live in constant fear, and where physical and economic security for the individual are lacking.

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before, and in the employment of these new inventions war is waged in such fashion as frequently to involve the destruction of undefended and civilian populations-- the slaughter of women and children--of the aged and the helpless--in utter contravention of those rules of warfare which earlier international instruments had laid down.

I have felt warranted in addressing to you this communication because of my considered belief that unless the nations of the earth strive by concerted effort to come rapidly to a renewed agreement upon those fundamental principles which the experience of the past, and the best judgment of present times, demonstrate as being wise and salutary in the governing of relations between states, world peace cannot be maintained. Furthermore, should war once more break out, notwithstanding all efforts to avert it, and no binding international accord be had prior thereto as to rules and measures which may mitigate its horrors and especially to civilian populations, no man can say that another great war would not destroy all that was salvaged from the last.

Every man and woman in the world today suffers, directly or indirectly, from the crushing burden of ever-increasing armaments. Modern armaments have become so costly that they are consuming an ever-increasing share of national income. This necessarily reduces the amount of national income available for meeting the other essential requirements of national life and lowers the general standard of living. If, therefore, this dangerous development is not soon checked, it will inevitably lead to social and economic world disaster. An agreement upon the limitation and the reduction of armaments is the imperative obligation of all governments, so that the revenues now being expended for the destruction of human life may be diverted into channels where they can be employed to raise standards of living, and to enhance human happiness. This immediate and pressing problem can, I believe, more readily be solved if the nations agree upon practical foundations for peace.

For these reasons I lay before you for your consideration the suggestion that all governments at an early date strive to reach an unanimous agreement upon

the following matters:

One. The essential and fundamental principles which should be observed in international relations.

Two. The most effective methods of achieving the limitation and reduction of armaments.

Three. The methods through which all peoples may obtain the right to have access upon equal and effective terms to raw materials and other elements necessary for their economic life.

Four. In the unhappy event of war, the rights and obligations of neutrals both on land and at sea, except in so far as in the case of certain nations they may be determined by existing international agreements; and the laws and customs of warfare whose observance neutrals may be entitled to require.

Should it be found, as I hope it may, that the other governments of the world are favorably disposed to this suggestion, and should they so desire, the Government of the United States will be prepared to request a number of other governments to join it immediately in the formulation of tentative proposals in elaboration of

the points above enumerated for subsequent submission to all nations for such disposal as they may in their wisdom determine.

I do not propose the holding of any general conference. I do suggest, should this recommendation be found acceptable, that the Government of the United States consult with a number of other governments and that they employ their best efforts to reach a common agreement as to the means of determining the questions above set forth, and that the results of their common findings be submitted at the earliest practicable date to all other nations for such action as they may be disposed to take.

I recognize that however essential it may be for the nations of the earth to reach a joint accord as to these norms of international conduct, such agreement alone may not necessarily secure the maintenance of peace. It is possible that before the foundations of a lasting peace can be secured, international adjustments of various kinds must be found through pacific negotiation in order to remove such inequities as may

exist by reason of the nature of certain of the settlements reached at the termination of the Great War. The traditional policy of freedom from political involvement which the Government of the United States has maintained and will maintain is well known. In the determination of political adjustments the Government of the United States can play no part. But it has seemed to me that every kind of adjustment, if undertaken, might perhaps be more readily arrived at if all nations come to a common agreement as to the principles upon which healthy international relationships should be based.

Should the suggestion which I have proffered be found acceptable by the other governments of the world, I gladly pledge the cooperation of the Government of the United States in seeking the attainment of the objectives sought. The quest of peace under law and equity is imposed by the deepest instincts of humanity; it can have no end save in success.

Get this spec?

DRAFT

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Those standards of conduct between nations which were gradually and laboriously evolved over a period of many centuries, and upon which modern civilization is in great part founded, are threatened with eclipse. Moreover, due to recent scientific developments, modern warfare has become more destructive and cruel

than ever before, and in the employment of new inventions war is waged in such fashion as frequently to involve the destruction of defenseless and civilian populations -- the slaughter of women and children, of the aged and the helpless -- in utter contravention of those rules of warfare which earlier international instruments had laid down, and in violation of the highest instincts of humanity.

I have felt warranted in addressing to you this communication because of my considered belief that unless the nations of the earth by common effort come rapidly to a renewed acceptance and observance of those fundamental principles and norms of conduct which the experience of the past and the best judgment of present times demonstrate as being wise and salutary in the governing of relations between states world peace cannot be maintained. Moreover, if wars break out, notwithstanding all efforts to avert them, and no binding international accord exists as to rules and measures which may mitigate their horrors, especially to

civilian populations, no man can say that another great war would not destroy all that was salvaged from the last.

Every man and woman in the world today suffers, directly or indirectly, from the crushing burden of ever-increasing armaments. Modern armaments have become so costly that they are consuming an ever-increasing share of national income. The continuous upbuilding of armaments, such as that which has been going on in recent years, confronts the nations with the prospect of applying an ever-increasing part of their national productive effort to this purpose which must depress those standards of living which might otherwise be attained. It threatens to submerge the public finances of many countries in the not distant future. A continuation of this situation will undermine the domestic economy of every nation.

If, therefore, this dangerous development is not soon checked, it will inevitably lead to world-wide

social and economic disaster. This creates a compelling reason for all governments, in the interest of their own peoples, to come to an agreement upon the limitation and the reduction of armaments, so that the resources now being expended on armaments may be directed into channels where they can be employed to raise standards of living and to enhance human happiness. This immediate and pressing problem can, I believe, only be solved if the nations are able and willing to agree upon practical foundations for peace.

For these reasons I submit to their consideration the proposal that all governments at an early date resolutely undertake to reach a unanimous agreement upon the essential and fundamental principles carried forward into rules of conduct which should be observed in international relations. Immediate effort might in particular be directed toward finding a basis for agreement on, among other matters, the following:

Effective measures for checking the present competitive piling up of armaments and for achieving a general limitation and reduction of armaments.

Effective ways of promoting the economic security, stability, and welfare of nations through the establishment of conditions under which all countries would have an opportunity to participate, upon equitable terms and on the basis of equality of treatment, in the processes of world trade and in other international economic relationships necessary to the sustained wellbeing of their peoples.

Effective measures for ensuring that, in the unhappy event of resorts to armed force, the maximum of respect shall be given to humanitarian considerations.

Should it be found, as I hope it may, that the other governments of the world are favorably disposed to this suggestion, and should they so desire, the Government of the United States will be prepared immediately to request a number of other governments to join it in the formulation of tentative proposals in elaboration of the points above enumerated for subsequent submission to all nations for such disposal as they may in their wisdom determine.

I do not propose the holding of any general conference. I do suggest, should this recommendation be found acceptable, that the Government of the United States consult with a number of other governments and that they employ their best efforts to reach a common agreement as to the means of proceeding with the problems above outlined, and that the results of their common findings be submitted at the earliest practicable date to all other nations for such action as they may be disposed to take.

I recognize that, however essential it may be for the nations of the earth to reach a joint accord as to the norms of international conduct, such agreement alone may not necessarily secure the maintenance of peace. It is evident that before the foundations of a lasting peace can be secured through the formulation and acceptance of the principles and rules of international conduct to which I have referred and the negotiation of formal instruments designed to give them effect, the political tensions which today exist in some parts of the world must be

allayed through negotiation and peaceful adjustment by the nations directly involved.

The Government of the United States can play no part in the determination of those political adjustments in which it is not directly involved. The traditional policy of freedom from entangling political involvements which the Government of the United States has maintained and will maintain is well known. But it has seemed to me that every kind of adjustment, or readjustment, if undertaken, will be more readily attained if nations come to a general agreement as to certain fundamental principles and policies to which they will adhere and which are essential for the maintenance of healthy international relationships.

Should the suggestion which I have proffered be found acceptable by the other governments of the world, I gladly pledge the cooperation of the Government of the United States in seeking the attainment of the objectives sought. The quest of peace under law and equity is imposed by the deepest instincts of humanity; it can have no end save in success.



file personal

LEGATION OF THE
UNITED STATES OF AMERICA

St. J. ...

Quito, October 28, 1937.

The Honorable
Franklin D. Roosevelt,
The White House,
Washington, D. C.

My dear Mr. President:

I take pleasure in acknowledging your letter written from Hyde Park on October 16th, with relation to the request of the past President of Ecuador, Federico Páez, for his nephew to attend a military intelligence school in the United States. In view of the recent political upset in Ecuador and that President Páez is no longer President I find it convenient not to say anything further to him in the matter.

With very kindest personal regards, I am,

Sincerely yours,

Antonio C. Gonzalez
Antonio C. Gonzalez,
American Minister.

State Dept

Nov. 9, 1937.

Letter to Pres.
From Sumner Welles

attached is copy of letter which Welles sent Amb.
Lindsay conveying message Pres. wished him to
transmit to the Duke of Windsor in reply to the one
the Duke sent to the Pres.

SEE--Ronald Lindsay folder-Drawer 2--1937

*Sumner Welles
State Dept*

November 11, 1937.

From-Sumner Welles
Memo to President

Attaches a message to Pres. from French Prime Minister,
Chautemps.

Subject--Indo-China

SEE--France folder---Drawer 2--1937

file personal

THE UNDER SECRETARY OF STATE
WASHINGTON

State Dept

November 13, 1937

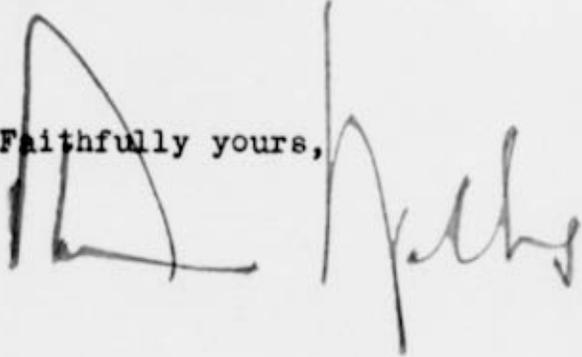
My dear Mr. President:

I have received this morning your memorandum of November 12 with regard to the telegrams that the Department has been sending to Norman Davis covering expressions of editorial opinion with regard to the Brussels Conference. These telegrams were sent as a result of a specific request from Norman that we advise him as fully as possible of editorial and newspaper comment concerning the course of the Conference.

In view of your memorandum, I have given instructions that from now on telegrams of this nature which may be sent to him or to others of our representatives abroad be limited to summaries of the general trend of editorial and newspaper opinion and omit any direct quotations for the reasons set forth in your memorandum.

Believe me

Faithfully yours,



The President,
The White House.

THE WHITE HOUSE
WASHINGTON

*State Dept
(1)*

~~CONFIDENTIAL~~

November 12, 1937.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

I have read your No. 52, November tenth, to Davis, quoting Baltimore Sun, Washington Post and New York Sun. Frankly, I do not believe that these newspapers carry any particular weight as expressions of public opinion, nor do I believe that any editorial writer -- I repeat "any" -- has the knowledge of facts and circumstances open to the Administration; therefore, instead of quoting a newspaper you are merely quoting one member of the staff or the opinion of an individual owner.

I do not mean to suggest that information to Ambassadors or Delegates advising them of what might be called the average of newspaper opinion in the United States is not sometimes advisable, but, again, this may cause a wrong impression in the mind of the Ambassador or Delegate. It is well to remember newspaper opinion and prophesy in the summer and autumn of 1936.

F. D. R.

7/2
file
preserved
PSF: State Dept

DEPARTMENT OF STATE
WASHINGTON

November 26, 1937

My dear Mr. President:

I enclose herewith a telegram from Hugh Gibson in which he states that he feels definitely unable to accept the Embassy to Germany because of his inability to meet the financial obligations involved.

I likewise enclose copies of two telegrams from Joe Davies in which he asks that he be permitted to defer a final decision with regard to the offer you have made to him of the Embassy to Belgium until he has an opportunity of conferring with you personally upon his return to Washington on December 6.

In view of Gibson's decision which, as you will see from his telegram, appears to be final, and because of the need to have a highly qualified service man go as Ambassador to Germany in the immediate future, I recommend that Hugh Wilson be appointed Ambassador to Germany instead of Hugh Gibson.

The President,

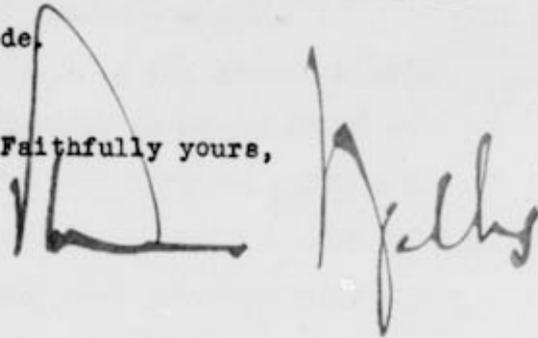
The White House.

The question of the designation of a successor to Joe Davies as Ambassador to Moscow can very well be left in abeyance for the time being since Henderson as Charge d'Affaires is highly capable and well able to carry on the work of the Embassy for some months if necessary.

I shall appreciate it if you will let me have your decisions with regard to the above. The Secretary asked me to let you know that he is in accord with the recommendations herein made.

Believe me

Faithfully yours,

A handwritten signature in dark ink, appearing to read "A. H. Kelly". The signature is written in a cursive style with a large, sweeping initial "A".

Enclosures:

From Brussels, 113, November 23, 6 p.m.,
From Moscow, 302, November 24, 8 p.m.,
From Moscow, 303, November 24, 9 p.m.

JR
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (B)

Brussels

Dated November 23, 1937

Rec'd 3 p.m.

Secretary of State,
Washington.

115, November 23, 6 p.m.

~~SECRET~~ FOR THE UNDERSECRETARY.

I confess I am rather taken aback by your telegrams as I had not expected that the matter would assume such a definite state before I had an opportunity to put my views before you. I am fully mindful of the great importance of the opportunity offered and desirous of conforming to the wishes of the President, the Secretary and yourself.

However, in the light of definite knowledge of the situation, the financial problem constitutes for me an insuperable obstacle. I am reluctant to advance personal considerations but my financial situation is extremely difficult even in this cheap post and I could not incur further expenditure without going into debt.

It

-2- #113, November 23, 6 p.m., from Brussels.

It is true that a year ago I would have welcomed the post in question and then felt I could swing it. That, however, was before I had the information now available. I have recently had an opportunity to secure reliable facts as to the cost of living and representation at that post. Based even on a minimum program the expenditure would exceed my resources by a sum which simply could not be made up by the financial adjustments you refer to as legally possible. From every point of view it is better that we recognize this now rather than after difficulties have been encountered. From the information made available to me I am convinced I could not swing this job decently unless I could count on a minimum of thirty thousand dollars a year in addition to my salary. Although I know I can count implicitly on your help I realize it is out of the question for the government to finance me on that scale. It is clear, therefore, that each year there would be a substantial deficit. I have no private means from which to meet such a deficit

FOR THE PRESIDENT
OF THE UNITED STATES
OF AMERICA
-3- #113, November 23, 6 p.m., from Brussels.

deficit. This would be an impossible situation from both government and personal point of view. With the best will in the world I think it much better to be honest in saying that this is a problem I cannot meet.

I must therefore ask you to say to the President that, while deeply appreciating his confidence, to my great regret I cannot accept.

GIBSON

CSB

PSF: State Dept

BC
This telegram must be
closely paraphrased be-
fore being communicated
to anyone (C)

Moscow

Dated November 24, 1937

Received 3:30 PM

Secretary of State,
Washington.

302 November 24, 8 p.m.

~~STRICTLY CONFIDENTIAL~~ FOR THE SECRETARY.

I would appreciate it if you could kindly transmit
following message personally to the President.

Dear Mr. President: Secretary Hull advises me that
owing to special conditions it has been found necessary to
send a service man to Germany and that you offer and trust
I will accept the ambassadorship to Belgium. I want
you to know that I deeply appreciate this honor and this
renewed expression of your personal confidence. There are,
however, certain considerations and phases of this situation
with which I am familiar and which you should in your
interest have in mind before these final appointments
are made. This I can assure you is entirely apart from
any personal interest I might have in situation. I am
sure you know my personal decision will be such as to
conform to your interest now as it has always been in the
past.

Inasmuch

EG
This message must be
closely paraphrased
before being communitated
to anyone. (C)

Moscow

Dated November 24, 1937

Received 5:16 a. m.

November 25, 1937

Secretary of State,
Washington.

303, November 24, 9 p. m. For the Secretary of
State. Your previous telegram extended permission to
leave Moscow December 3 and to return to the United
States on leave without pay for Christmas and to attend
to business matters there. In view of the fact that
First Secretary Henderson has returned to Moscow today
I venture to assume that the Department would not have
objection to my (X) a few days earlier and therefore
advise that I am leaving Moscow today to catch the
Normandie arriving Washington December 6. In view of
particular circumstances with which you are familiar
I am sure you will understand the situation. Deeply
appreciate the kindness of your telegram 180 received
23rd.

DAVIES

DAS

(X) Apparent omission

PSF: State



DEPARTMENT OF STATE
WASHINGTON

In reply refer to
PR 711.00 Pres. Speech, Oct. 5, 1937/219 December 10, 1937

My dear Miss LeHand:

The American Embassy at Santiago, Chile, has forwarded to the Department under date of November 4, 1937, a letter addressed to the President by a political organization in Chile, the "Frente Popular". The letter, together with a copy in translation, is herewith enclosed and the Embassy has been instructed to thank the senders for their courtesy.

Sincerely yours,

George Sumner
Chief of Protocol.

Enclosure:

From the "Frente Popular"
to the President, October 13,
1937, with copy in translation.

Miss Marguerite A. LeHand,
Private Secretary to the President,
The White House.

Department of State

BUREAU
DIVISION

PR

ENCLOSURE

TO

Letter drafted

ADDRESSED TO

Miss LeHand

PT

[Translation]

Santiago, October 13, 1937.

His Excellency

President of the United States of North America,

Mr. Franklin D. Roosevelt,

Washington.

Mr. President:

The Popular Front of Chile which has arisen as the crystallization of the profound love of peace and democracy on the part of our people has decided to adhere warmly to the historic call which Your Excellency made to the world to save humanity from barbarism and defend the international law transgressed by the Fascist aggressors.

The Popular Front considers that the national independence and the inviolability of the territory of the countries of our continent are directly threatened since the Fascist Governments make no secret of their plans of expansion and conquest and are carrying them out, with cruelty unheard of, at the expense of other peoples, such as Abyssinia, China and Spain.

The Popular Front expresses fervent wishes that your attitude may lead to the rapid creation of a vigorous common fighting front of all nations loving peace and progress, and most of all, of those of the new world, as well as to the unification of men and women without

distinction

distinction of race or idealologies who desire to safeguard civilization and law and prevent the horrors of a new universal massacre.

The Popular Front struggles for democracy and the full political and economic emancipation of our people and, in the international order, maintains a worthy policy which, starting from the principle of the indivisibility of peace, may lead to the organization of a system of collective security and of mutual assistance. In fulfillment, therefore, of the mandate which it has received from the people, it trusts that very soon, it will be able, from the seats of Government, to cooperate with Your Excellency's Government in the great crusade for peace and in the realization of the ideals so brilliantly set forth by Your Excellency in your Chicago speech.

Greetings to Your Excellency from

(Signed) C. A. Céspedes Tore	(Signed) J. Ant. Ríos
Carlos Céspedes	Juan Antonio Ríos
Secretary	President.

Excmo. señor Presidente de los
Estados Unidos de Norte América,

Mr. Franklin D. Roosevelt,

Enclosure No. /

Dispatch No.

AMERICAN EMU

SANTIAGO, CH.

WASHINGTON.-

263

Santiago, 13 de Octubre de 1937.-

Excmo. señor Presidente de los
Estados Unidos de Norte América,
Mr. Franklin D. Roosevelt,
Washington.-



Excmo. señor Presidente:

DEC-11-1937

El Frente Popular de Chile, surgido

como la cristalización del profundo amor a la paz y la democracia de nuestro pueblo, ha acordado adherir calurosamente al histórico llamado que V.E. ha hecho al mundo, para salvar a la humanidad de la barbarie y defender el derecho internacional transgredido por los agresores fascistas.-

El Frente Popular considera que la independencia nacional y la inviolabilidad del territorio de los países de nuestro continente, están directamente amenazadas, ya que los Gobiernos fascistas no ocultan sus planes de expansión y conquista y los están llevando a cabo, con una crueldad inaudita, a expensas de otros pueblos, como Abisinia, China y España.-

El Frente Popular hace votos fervientes, a fin de que vuestra actitud conduzca a la creación rápida de un vigoroso frente común de lucha de todas las naciones amantes de la paz y el progreso, y ante todo de las del nuevo mundo, así como a la unificación de los hombres y mujeres, sin distinción de razas

ni ideologías, que quisieran salvaguardar la cultura y el derecho y evitar los horrores de una nueva matanza universal.-

El Frente Popular lucha por la democracia y la plena emancipación política y económica de nuestro pueblo y sostiene en el orden internacional una política digna, que partiendo del principio de la indivisibilidad de la paz, conduzca a la organización de un sistema de seguridad colectiva y de asistencia mutua.- Por esto, en cumplimiento del mandato que ha recibido del pueblo, confía en que muy pronto podrá, desde el Gobierno, cooperar con el Gobierno de V.E. en la gran cruzada por la paz y en la realización de los ideales tan brillantemente expuestos por V.E. en su discurso de Chicago.-

Saludan a V. E.

C. A. Céspedes 1935

Carlos Céspedes

Secretario

Juan Antonio Roca

Juan Antonio Roca

Presidente

file

Rio de Janeiro,
December 13, 1937.

Dear Mr. President:

It is very kind of you to write me in regard to my recent marriage and my wife and I are particularly appreciative of your thoughtfulness.

At the same time we both wish you a very Merry Christmas and a happy New Year.

Respectfully yours,

Jefferson Caffery

The President,

The White House,

Washington, D. C.

THE WHITE HOUSE
WASHINGTON

*file
personal
State Dept*

December 22, 1937.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

Yes, this matter should be definitely followed up. I had already expressed myself in regard to it to the Prime Minister of British Columbia. I think the Dominion Government could well send an Army man and a Navy man here confidentially to talk "off the record" to some of our Army General Staff and Navy Operations people. Nothing to be put in writing.

F. D. R.

Mr. Hoover
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Tolson
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Clegg
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Glavin
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Ladd
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Nichols
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Rosen
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Tracy
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Carson
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Egan
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Gurnea
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Hendon
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Pennington
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Quinn
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Mr. Nease
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

Miss Gandy
U. S. DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

THE UNDER SECRETARY OF STATE
WASHINGTON

December 20, 1937.

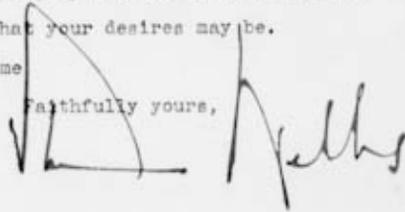
My dear Mr. President:

I feel that you will want to read this personal letter which I have received from Norman Armour.

If there is anything that you wish me to do with regard to the suggestion contained in the last paragraph of his letter, will you let me know what your desires may be.

Believe me

Faithfully yours,



The President,
The White House.

THE WHITE HOUSE
WASHINGTON

~~CONFIDENTIAL~~

December 23, 1937.

MEMORANDUM FOR

THE UNDER SECRETARY OF STATE

I have your letter of December twenty-second in regard to Colombian affairs. I think we should meet this proposal more than half way -- the conversations to proceed either here or down there, whichever they wish. They should include also the possibility of exchange of information in relation to certain other Nationals in the Republic of Colombia near the Panama border.

F. D. R.

Published in
Foreign Relations of the U.S.

1939, Vol. V, *The American
Republics*

pp. 438-439

Stall kept

DEPARTMENT OF STATE
WASHINGTON

December 22, 1937

My dear Mr. President:

The Minister of Colombia came to see me this morning with a confidential message from the President of Colombia. President Lopez wants us to know that about ten days or two weeks ago a Japanese mission visited Bogotá ostensibly for the purpose of furthering trade between Japan and Colombia. The President is informed, however, that during the course of the visit of this Japanese mission the members thereof were in close touch with certain German nationals in Colombia, particularly with those who reside on the Colombian coast between Cartagena and the Panamanian boundary as well as in Buenaventura on the Pacific coast. Dr. Lopez states that he has these German nationals now under surveillance. The suggestion was made that because of the Far Eastern situation, this Government might care to discuss with the Colombian Government

The President,

The White House.

certain matters of common interest to the two Governments, namely, the surveillance of portions of the coast of Colombia adjacent to the Republic of Panama and certain measures in which both Governments might cooperate regarding the surveillance of waters adjacent to the Canal.

I told the Minister that I was highly appreciative of this suggestion and that I would convey it to you. I inquired of the Minister the methods which his Government would consider the most appropriate for the purpose of carrying on such conversations should they be deemed desirable. I further asked the Minister whether his Government would prefer having a representative of the Navy Department take a trip to Bogota or whether it would prefer having some representative of his Government come to Washington in order to take the matter up here. He told me that he would consult confidentially with his brother, the President, and let me know if they had any preference in the matter.

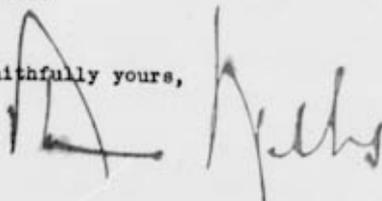
It would seem to me that a step of this kind could do no harm and might in fact prove advantageous. Will you let me know what your wishes may be so that I may inform the Minister accordingly. I, of course, took

-3-

the precaution of telling him that we must consider our conversations strictly confidential, and he told me that no one except his brother, the President, knew anything about the matter.

Believe me

Faithfully yours,

A handwritten signature in dark ink, appearing to read "A. Kelly". The signature is written in a cursive style with a large initial "A" and a long horizontal stroke extending to the right.



DEPARTMENT OF STATE
WASHINGTON

December 23, 1937

My dear Mr. McIntyre:

With reference to the President's memorandum of December fifteenth in regard to the desire of King Carol to receive an invitation to attend the New York Exposition in 1939, I recently received a letter from Mr. Gunther concerning this matter, to which I replied in part as follows:

"With reference to the policy in regard to the possible visits of heads of states to the United States at the time of the New York Exposition, I understand that such invitations are not being sent out by the officials of the New York Exposition. Personally, and from the protocol angle, I should be tempted to object to such invitations being extended."

I have been informed by Mr. Julius Holmes, formerly Assistant Chief of the Division of Protocol who is now connected with the New York Exposition, that no action has been taken with reference to invitations to foreign heads of state to attend the Exposition in 1939, and I

also

The Honorable

Marvin H. McIntyre,

Secretary to the President,

The White House.

Let kept

file

- 2 -

also gathered that little consideration has been given to the matter.

Mr. Gunther's note dated November 26, 1937, to the President is returned herewith.

Sincerely yours,

George V. Sumner
Chief of Protocol

Enclosure:
From Mr. Gunther,
November 26, 1937.

file
personal
State Dept
(1)

THE UNDER SECRETARY OF STATE
WASHINGTON

Christmas Day.

My dear Mr. President.

I cannot let the day pass without sending you these lines to tell you much pleasure your gift has given me - not only because of its great intrinsic beauty, but also because of the association it carries with it.

Every day that has passed
during these nearly five years
has brought with it to me
a greater sense of the privilege
it is to be working under you
in these times, and a larger
measure of admiration for, and
of loyalty to, the man who
is at the head of the Government.

My grateful thanks to you -

Faithfully yours
Wm. Nelson

State Dept

December 31, 1937.

Dear John:-

I am delighted to have your letter of December sixteenth, and when you see the Regent again please tell him from me that we sailors must stick together!

I am glad you find that the Nazi movement does not seem to be making much progress. The other day we had work from Bucharest that seems disturbing. Perhaps you will let me know what you hear of the trend toward Nazi control in Hungary.

With all good wishes for the New Year,

As ever yours,

Hon. John F. Montgomery,
American Legation,
Budapest,
Hungary.

Budapest, December 16, 1937.

Dear Mr. President,

I saw the Regent a few days ago and told him that I had seen you during the summer and that you had expressed your appreciation of the Regent's interest and had sent your kindest regards to him. The Regent seemed very much pleased and again expressed his admiration for you and ended up by saying "Will you give him my love."

I also told the Regent that I had told you that he had tried to communicate with you after the last election but hadn't been able to do so, and that you had told me to tell him the next time he should not bother with Foreign Offices but communicate directly. He smiled
and

The President,
The White House,
Washington, D.C.

and said "Well, the President will hear from me in two - or is it three - years."

I find Hungary's position unchanged since last spring in that it remains independent and shows no signs of becoming more closely identified with either Germany or Italy than is absolutely necessary. When I first returned it looked as though the Nazi movement had made great progress while I was away. Now that I have had several months to look into the situation I have come to the conclusion that there has been little, if any, strengthening of the Nazi movement. It is, however, more the subject of conversation than formerly because the Jews have become increasingly nervous.

I take this occasion to thank you for the time you gave me last fall and to wish you the merriest of Christmas and the happiest and most successful New Year.

With admiration and respect, I remain,

Yours sincerely,

